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PRINCIPLES AND IDEAS
FOR DOHERTY MEN

Volume VI

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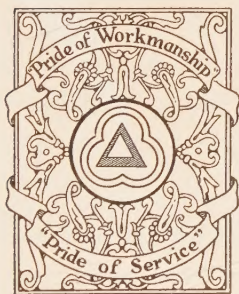


HENRY L. DOHERTY

PRINCIPLES AND IDEAS FOR DOHERTY MEN

Papers, Addresses
and Letters by
Henry L. Doherty

Compiled by
Glenn Marston

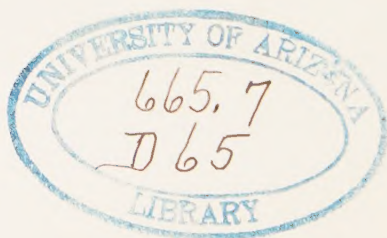


Volume VI

Printed for the use of
Members of the Doherty Organization
1923

Learn how to get along with
the men you work with; I can
show better results, and so can
you, working with a lot of good
fellows of ordinary talents,
than anybody surrounded by a
bunch of experts who are bad
friends.

—HENRY L. DOHERTY.



At the 1923 convention of the National Electric Light Association Mr. Doherty was one of the speakers at the Public Relations Section sessions. At this convention two men were signally honored by the delegates when they advanced to the speakers' platform, every person present rising as a mark of respect—one was Thomas Alva Edison and the other was Henry L. Doherty. In introducing Mr. Doherty, Chairman H. T. Sands said:

One of the remarkable things about this industry of ours, and of this association, is the hold which it retains on the interest of a man when once he becomes engaged in the business. The next speaker is known to you all. He has been engaged in the business for a great many years. He was president of this association—I don't think he would want me to say just how long ago, but ever since I knew anything of the central station industry and of the National Electric Light Association, I have always known of Mr. Doherty, and his words and counsel have always been of interest and welcome. I know you will all be glad to hear from Mr. Henry L. Doherty.

As Mr. Doherty came forward the entire convention rose as one man, and when the applause had ceased Mr. Doherty said:



R. CHAIRMAN, the honorable Commissioners, ladies and gentlemen: I am not going to talk very long. This is a subject that interests me very much. I have sometimes been afraid that the almost unanimous endorsement of public service commissions by electric light men would make the public think that we like public regulation by state commissions, and very often they conclude that anything we want must be wrong.

Mr. Sands spoke about the number of years ago when I was president of the National Electric Light Association. You know I am a little bit different from most people. I always like to tell you just how many years ago it was and how old I was, because otherwise you will think I am older than I am. I celebrated my fifty-third birthday the other day. I will tell you that so you

won't think it was sixty-three. I put in that remark as preface to the fact that at a legislative policy committee meeting of this association as far back as 1905 I was one of the men who gave endorsement to the matter of regulation by state commissions.

The thing has worked out very much in the way I thought it would. I then felt that we would get intelligent regulation; we would get more regulation, but what regulation we would get would eventually be intelligent regulation. That is what we want. We are not seeking regulation, but if you must regulate, we want intelligent regulation.

The power of regulation always rests some place with the public. I didn't think we would make more money under public service regulation. I think we have made less. I think you will all agree with me. I don't think we have had less trouble; we have had more trouble, but we have not lived in constant fear that some drastically bad thing, both for the public service company and the public themselves, would be done, something like permitting wholesale competition.

You know this public regulation really originated with the public. For years they depended upon competition to regulate us and keep down our prices. Then they finally learned that competition in the public utility business did not pay, that eventually the public had to pay for the duplication of investment, so they said, "You are and ought to be a regulated monopoly. We are going to recognize you as a monopoly, but we are going to be insistent that you be regulated so far as your earnings are concerned."

They have not always stuck to that, because when the jitney came along they subjected the street railway companies to the rottenest form of competition that ever existed. But we want to hold them to their own conclusion that competition was not a good thing for the public, and that if we are to be regulated we can only be regulated upon grounds that we have been granted a monopoly, and having been granted a monopoly, then we must submit to regulation.

I have listened to all the Commissioners and I have listened to them with a great deal of interest, especially to my friend and opponent on so many occasions, Mr. Reed of Kansas. I want to say a word for the state commissions that perhaps has never occurred to most of you gentlemen, although I suppose it has

occurred to them. We have all learned a good bit from public regulation by state commissions. A great many of us were in a rut—we didn't realize what we could and what we could not do.

Twenty-three years ago, in the month of May, at the Chicago convention of the National Electric Light Association, I read my paper on the readiness-to-serve rate. It was twenty-one years ago to the very month before the gas fraternity ever endorsed that method of charging. It was one of those things that, as a rule, the man in the business told us we could not put over. I went before the Public Utility Commission in Kansas frequently in the last four or five years and was told that they would not consider anything but a flat horizontal rate. Later on I got a chance to testify before the commission and that commission took the most forward step of any commission in the United States, and has ordered the three-part rate put in effect in all of the cities served by the Empire Gas Company in the state of Kansas—about thirty different cities.

I tried for years in the gas business to get the right to serve a non-luminous gas. There is no reason in the world why we should serve luminous gas. I tried before the war in England to get the English engineers to take it up, thinking that our American engineers, being so in the habit of following the English engineers, could be converted if I could convert the English engineers. I have made a failure of converting the American engineers direct.

I had every class of business in England in favor of the serving of a non-luminous gas, because that meant that it would solve their motor fuel problems, but the one group of men that I could not convert were the gas men themselves. In other words, they were in the rut; they were serving luminous gas and they didn't want to depart from what they were doing.

I listened with a great deal of interest to the comments of Commissioner Wells, of Massachusetts. I wish that we could have as many of the public service commissioners as would, make a note all through the year of everything that they observed where they thought the public service company was wrong, and come to our convention and tell us about it, because in the last analysis, service cannot be merely lip service. I know, having been the active manager on the job, how difficult it is to make every employe realize that he must do everything he can to give

the customer what he wants, regardless of whether we think it is what he wants or not.

I am one of the advocates of making a customer pay for what he gets. I believe in that theory, but I believe in the other thing of letting him have what he wants, but be sure to be able to serve him what he pays for.

I remember years ago going into a gas office when I was an examining engineer for one of the syndicates, before I went into business for myself, and I overheard a conversation. A man made application for gas service. The clerks told him that they could not put it in till spring, that they put in no services after the first of November. He said, "I am finishing up my house; I have got to have gas."

The clerk said, "No, you can't have it. Our rule is, we don't put in any service until after the first of May." He went to the manager, and the manager said, "That is our rule."

I finally went to the manager and I said, "My God, man, here is a man willing to pay for his service. What are you going to do, let him go without gas till spring?"

He looked at me and said, "Why, that is our rule."

How many rules have you got that are good for nothing except to have holes shot in them? Then how often, when the customer comes into your office and here is the thing that is hardest of all to guard against—can you put a smile in what you have to say and can you put it there in the right sort of way? You can tell your man to be courteous at the desk, but courtesy with him is often a kind of an insulting thing. You have got to make him feel in his heart that he is trying to serve the public, that he is trying to give each customer what he wants as nearly as possible. That is one hard job. You have to keep at it all the time.

I am very serious and I believe I voice the sentiment of most of the men in this meeting when I say to these Commissioners that we invite intelligent criticism, that we would welcome having them make note of everything that goes wrong in the course of a year, come to our convention and tell us about it. Then they'll not merely correct the specific thing that is wrong in one specific company, but will give us all a chance to go home and correct whatever is wrong with ourselves.

I believe our commissioners can do something more. I was particularly interested in the remarks of Mr. Kuykendall of Washington. Of course, most of the public thought that when they put these commissions in, the sole purpose was to reduce rates. The time came when these commissions realized that they had to do something other than reduce rates.

It must be plain to everybody that we never can have peace if either the buyer or the seller is going to fix the rates. When you have your city council fix the rates, when you have so-called home rule, you have exactly the equivalent of the buyer fixing the rates. When the company is left unrestricted, it is the seller that fixes the rates.

It is apparent that you never are likely to have peace when it is either the buyer or seller. That is the great justification for the state commission, for as one speaker pointed out properly, the state commission must necessarily lean toward the public, and the majority of the decisions must be in favor of the public. Nevertheless, they are a more disinterested body than either the buyer or the seller, and there is a chance for peace.

I want to see the day when the public service commission is not merely standing there as an arbitrator between the companies and the public. I want to see the day when they are progressive, as I believe the Kansas commission really are today. I don't want to make an odious comparison, but the Kansas commission have certainly taken as forward a position as any commission I know of. They have said what we must do to get service for their people. That is the primary problem of the commissions all over the country—how are we going to get service for the greatest number of people? How are we going to relieve the restrictions that prevent the giving of service? We have to depend upon the commissions for many of the things we want to get over with the public.

It is perfectly idle that these public utility companies should be subjected to any form of special taxation. I won't attempt to do it, but I could even go so far as to show that they are entitled to a very heavy contribution from a general property tax. That is nothing socialistic at all. When you stop to think what they do for the public, as a whole, you can see, at least, how unfair it is that they should be subjected to any special taxation.

Take, for instance, the gas and electric companies. They transmit over or under the public streets the equivalent of thousands of units of energy in the form of coal without the pollution of the atmosphere, as a house-heating plant burning coal would, and yet in many cases they are subjected to a special tax for the use of the streets. The reverse ought to be true. That form of service ought to be premiumized.

I am heartily in favor of this particular program that we have had here today, in inviting these public service commissioners in here to talk to us, to get closer to them and to figure out the problems that they are charged with, and that we are charged with, because we are both charged with the duty of giving service to the public. They can't do it unless they know our position, unless they know us and know what we are working for, and how we are working to do it—and we can't do it without knowing them.

We can tender by an exchange of ideas (and I hope this will be repeated every year) better and better service every year to the public.

I say to the public service Commissioners that are in this room that I believe the business men of America in almost every instance, while they are in business primarily to make money, have a most intense pride in giving proper service, and I know of no group of men in any line of business in the United States (and I have worked with this group of men, as you have been told, for many, many years) who have got in mind more effectively the fact that they are in business primarily to give service than the men in the electric light business—especially the men who are progressive enough to support and attend the meetings of the National Electric Light Association.

I like to go to Washington when I have a little time each day for recreation. Washington has so many parks and so many park benches that you can find a place to sit down outdoors without sitting next to a bum. Most cities have more bums than park benches.

—HENRY L. DOHERTY.

Problems of the oil industry, reflected in low prices, were crying for solution in 1923, and Mr. Doherty was called upon to address the meeting of the National Petroleum Association at Atlantic City on September 20, 1923, where he said:



LET me open this address with this one important statement: There is no reason why the petroleum business should be in difficulty at this time, for it is entirely due to lack of forethought and proper planning. And let me also add that there is no reason why this situation should be long continued or why it should ever again be experienced.

Let me disclaim any criticism of anybody or any group of men in the oil business. Our troubles are not due, in my opinion, to what we have done but rather what we have failed to do.

Most every business has just grown like Topsy did. It is the tendency of human nature to continue along the grooves we are in. The fact that a thing is the existing order of things is more potent for its continuation than any amount of logic as to why it should be different. The thing that is fundamentally wrong about the oil business is the fact that under present methods we cannot control the rate at which our raw product is forced upon the market, but this is something we must do and now is the time to do it.

GENERAL DISCONTENT

This is the first time in my recollection that everybody in the oil business has been dissatisfied, apprehensive and unhappy. Perhaps that is a good thing, for if everybody is discontented with present conditions we are more likely to secure a change than if certain groups were entirely contented.

A few weeks ago I was called into a conference made up entirely of oil producers. They were depressed and apprehensive. A week or two later I had occasion to meet with a number of Eastern oil refiners, and the general oil situation came up for discussion. It seemed to be the belief of the producers I had formerly met with that the refiners ought to be entirely happy. I found this to be far from the case.

In spite of the great surplus of oil now available there is hardly a refiner or marketer of oil of the thoughtful variety who is not apprehensive of what conditions will be in the next few months—and this is especially true of the refiners and marketers

on the Eastern Seaboard. In fact more than 50 per cent of the entire production of this country is coming from only $1\frac{1}{2}$ per cent of our producing wells.

Until this heavy California production came in, one after another of the refiners on the Atlantic Seaboard were closing their doors for lack of crude oil. The surplus of oil we now have is being produced under conditions which not only do not insure its continuation, but a rapid decline of production is inevitable, and discoveries will have to be made at a rate unprecedented prior to the past few years to even maintain it.

The only thing in sight to provide a sufficient supply of oil for the seaboard refineries is the production of the Los Angeles Basin in California. These new pools are of exceptional depth and what they will produce when they become pumpers is problematical.

Every well that is drilled in every gusher field is a menace to the pool, and yet a certain number of wells must be drilled, but every unnecessary well is an unnecessary hazard. Not only is an unnecessary well an unnecessary hazard, but when large numbers of unnecessary wells are being rushed down with haste as the principal object, safety becomes more and more remote.

I am told that these wells show a pressure of 800 lbs. when they are initially brought in, after sustaining a column of oil one mile high, thus indicating a gas pressure of more than 180 atmospheres. Every cubic foot of gas at ground pressure is able to contribute wholly or in part to the raising of 180 cubic feet of oil, or more than 30 barrels—and yet I am told gas is blowing everywhere, and sooner or later this gas, which by its elastic force raises the oil in the well, will diminish and become dissipated, and what is today a 10,000 barrel gusher may at an early date become a 300 barrel pumper.

We have an awful surplus of oil if you judge from the statistics, but never have we had such a large percentage of oil production that is flush in character and bound to diminish at a rapid rate. To assume that discoveries of new pools will go on even fast enough to maintain this production seems unlikely, and yet the oil business continues to grow at an increasing rate, making everybody wonder where the future supply is to come from.

That we should permit conditions which allow enormous quantities of this, the most valuable and perhaps the least plenti-

ful of our natural resources, to be wasted is astonishing. Perhaps there is nothing else to do but to rape these various fields, and waste this oil by burning it for purposes for which inferior fuel to be had in abundance would be just as valuable, but it is certainly remarkable that the oil industry has never sat down and tried to figure out how this flagrant and lamentable waste can be prevented.

Assuming, however, that we are going to go along allowing production to come in without control, and that it is everybody's race to get the oil out of the ground, even then, by co-operation of the industry, we can put this oil to better and more valuable use than it is being put today.

Oil is now being sold at many points at less than the equivalent value of coal, and yet there has never been a time that all of the oil we have ever produced could not have been sold for purposes where it would have had a much greater value than coal and would have commanded a price sufficient to maintain the oil business on a profitable basis.

A COMPARISON WITH THE GOLD INDUSTRY

What is the trouble? First, I might take the production end. For many years there was more money spent on the exploration and production of gold than the entire value of gold produced. This, I believe, is true of the production end of the oil business today.

You will probably say that men would not willingly go into a business where they knew that the total losses amount to more than the total profits, and yet I need only call your attention to the fact that a lottery cannot possibly pay out as much money as it takes in, and yet lotteries are so popular that we have to suppress them by law. It is the hope of the grand prize that lures men. All during the time that the gold industry in its exploration and production was spending more than the value of all the gold produced, here and there would be found well-trained men, devoting their lives to the business, and, by careful operations, not only making a fair profit on their operations but a very handsome one.

This is still possible in the oil business and the advances made in the last few years widen the gap further and further between the well-trained and experienced organizations and amateur and semi-amateur efforts.

The trouble in both the gold production business and the oil production business has been the continual drawing in of men untrained and unskilled in either business, but with the ability to raise money from the public and to share in the profits if gold or oil were found, but not compelled to take any losses if gold or oil were not found.

GAMBLING A SERIOUS FACTOR

Here is a case where the thirst for gambling is being exploited in connection with a legitimate industry and is a serious factor in contributing to the waste of our most essential natural resource.

I will not treat on any corrective measures for the production end of the business, because I have nothing in mind to seriously recommend; but I will treat now of the matter of utilization of oil, and I will illustrate it by taking the artificial gas business (which I am also engaged in) as a contrasting example.

Our company is having great success with the introduction of gas for industrial purposes. Every day we are selling gas to some new customer at a price equivalent to from 15 to 25 cents per gallon for fuel oil. To do this we must hunt up our prospect and show him that we can save him money against the fuel he is now using. Frequently we are called upon to develop a special furnace for his particular use, and then to supervise this furnace during its construction and initial operation. This, of course, is an item of considerable expense, but it pays to do it because when we once have this man on our mains he has no other place to buy his fuel but from us.

We can do the same thing in developing uses for oil and sell one hundred times as much oil as gas, but we cannot afford to, because when we have gotten our new customer converted to the use of oil he is then in a position to shop with every other oil seller and buy from whoever will sell the cheapest—in fact, he would not have to shop for his oil, for our competitors would be around as soon as we had converted this customer to the use of oil and would try to sell him. If we must add to our expense, the cost of getting this customer to use oil, we are in no position to compete for his business.

I know that efforts have been made by some of the oil companies to develop uses for oil and secure their wide application, but these efforts as a whole have been so small compared with

the opportunities presented that they can be discarded without any consideration whatever. We then can say that no oil man ever thinks about uses for oil which might be developed, but when he thinks of selling oil he is not thinking only of selling oil where it is now used and taking business from his competitors. Therefore, it seems impossible to assume that we can develop all the uses for oil at the best possible prices unless this class of work be done by the industry as a whole.

In the last few years the principal product demanded has been gasoline, and everything else, except in special cases lubricating oils and waxes, has been treated as by-products. If we had it we sold it to whoever would buy it. There has been no real salesmanship devoted to anything except lubricating oils and specialties. The gasoline content of the oil had to bear practically all of the expenses of the industry.

In my opinion, an intelligent and aggressive campaign for the development of apparatus for consumption of our heavy products, and an aggressive campaign to secure the use of oil wherever it has an advantage over other fuels, would increase the revenues of the American oil industry as a whole by more than a billion dollars per year for the same amount of oil we are now selling.

We have left the development of oil burning apparatus to the manufacturer, and have seldom shown any interest in the matter, to say nothing of giving him any help. He sells a piece of apparatus only once and makes only one profit. We sell the fuel it uses every year, and should make a bigger profit than the manufacturer of the apparatus. If, as I think, our aggregate revenues could be increased by one billion dollars a year, surely we can afford to pay liberally to bring about the utilization of oil.

OIL FOR RADIANT HEAT

Oil has been an enormous advantage in any process where radiant heat is an important factor. Its only rival in this field is powdered coal—and about the only place powdered coal can be used where radiant heat is desired without serious difficulty from the ash it carries is for cement burning.

For practically all industrial processes requiring heat at a high temperature oil has enormous advantages over coal, and should be more generally used and command much higher prices.

Few people realize the cost of handling solid fuel where it is used in relatively small quantities together with the disposal of the ashes and the care of the apparatus in which the fuel is burned. We are heating houses with artificial gas in Denver and the applications are coming in faster than we can take care of them. The average amount paid by these customers for house heating would be equivalent if they used oil to more than 15 cents a gallon-- and all of these customers are very well satisfied with their bills.

A coal having 26,000,000 B. t. u. per ton would be equivalent to 185 gallons of oil on an energy basis. However, the oil, as a rule, can be used much more efficiently than coal, and for house heating purposes experience has shown us that often 100 gallons of oil will displace a ton (2000 lbs.) of coal.

THE ADVANTAGE OF OIL OVER COAL

The coal and other competitive fuels now used for domestic purposes amount to approximately 160,000,000 tons per year. Oil could be used to great advantage for domestic purposes instead of coal. In and around New York City, it costs a minimum of \$2.50 a week for house furnace attendance, while \$5.00 a week is the usual charge, with a heating season of, say, 30 weeks. This means a cost of \$75.00 to \$150.00 a year. If 10 tons of coal are used the cost of this attendance over and above the cost of coal amounts to from \$7.50 to \$15.00 a ton, and this is all saved if oil is used. A minimum of 100 gallons of oil to displace a ton of coal would make this oil worth $7\frac{1}{2}$ to 15 cents a gallon over its fuel value. It should never require more than 185 gallons of oil to displace a ton of coal, and on this maximum amount oil would be worth from 1 to 8 cents over and above its fuel value.

The room required for a coal furnace, ash piles, ash cans and coal stock is considerable. This space can be greatly reduced by the use of oil and often adds the equivalent of one or two rooms to the home. This may be worth as much as \$10.00 per month for the full year or a total of \$120.00 per year.

Anthracite coal sells in and around New York at \$15.00 per ton. The competitive fuel value for oil is 15c per gallon where 100 gallons will displace a ton of coal and 8.1 cents per gallon where 185 gallons are required to displace a ton of coal. Now let's make up some figures on the basis of a home using 10

tons of coal per year with a cost of \$15.00 coal, \$110 a year for furnace attendance, a saving of \$50.00 a year in space and we will consider the average of 100 to 185 gallons of oil per ton or 142½ gallons of oil.

Coal, 10 tons at \$15.....	\$150.00
Furnace attendance and removal of ash.....	110.00
Value of space saved.....	50.00
	<hr/>
	\$320.00

$\$320.00 \div 142.5 \text{ gallons of oil} = 22.4$
cents per gallon as the value of oil to the home owner.

HOUSE HEATING OILS IN GROWING DEMAND

An insistent demand has sprung up throughout the country for oil for house heating. This demand was not suggested or even stimulated by the oil companies but some of the oil companies due to the force of this insistent demand are now supplying this demand or are making plans to meet it. Some of the oil companies have refused to make plans to supply this oil, believing that the existing conditions in the oil business would soon change and the necessity for higher prices at an early date would subject the oil industry to criticism. These oil companies have not appreciated what the householder could afford to pay for oil and still be better off than if he used coal, and the reluctance to enter this field has lessened, and I think you will soon see all of the oil companies pushing sales in this field.

Here is the potential market for oil of from 380,000,000 to 700,000,000 barrels per year or equal to a production of approximately 2,000,000 per day or more fuel oil than we could make from even our present huge production of crude oil.

In many cities where there is no attempt on the part of the gas company to do house heating, here and there we find a customer heating his entire house with gas. The price of gas is generally \$1.00 a thousand or more, and its calorific value is generally 560 B. t. u. per cubic foot or less. So by these figures you will see that many people are willing to pay the equivalent of 25 cents a gallon for oil to heat their homes.

The American Petroleum Institute has had frequent board meetings of late and Dr. Manning and I have recommended to the board that we invite the manufacturers of oil burning apparatus to our next convention, and have one or more special

sessions devoted particularly to their problems with the idea of hereafter giving these people the support and assistance of the oil industry.

The automotive engineers have developed the gasoline engine for automobiles and flying machines to an efficiency beyond any conception I believed possible. Efficiency here means ease of control, reliability, smooth running, etc. What we need now is a large engine for power generation and especially for ship propulsion and utilizing fuel oil or fuel oil distillates.

I have suggested to the men in the oil business a number of times that the industry should attempt to develop a satisfactory, reliable and highly efficient internal combustion engine of this character, but everybody seems to think that this job belongs to the manufacturer, and they do not even inquire to find out what progress the manufacturer is making. To tell the truth, the manufacturer has far less interest in this than we have. He sells his engine once and makes one profit on it.

It should be possible to develop an engine of such low cost and such high efficiency that its entire cost would not be more than the value of the oil it would consume every year and pay for this oil a price equivalent to the same amount of coal for the same amount of power generated.

INTERNAL COMBUSTION ENGINE WILL DOMINATE

Sooner or later the internal combustion engine must dominate in the production of power from fuel. There has been a sensational advance in efficiency in steam generation over the past two decades by the adoption, improvement and enlargement of the steam turbine, and efficiencies are now being claimed as high, or nearly as high, as 21 per cent. The inherent limitations to the production of power by steam have about been realized, and many of the plants now working at the higher efficiencies are not in reality getting a high commercial efficiency. To get the high efficiencies now possible with steam, requires an abundant supply of cold water, and plants are often built many miles from the point where the power is utilized just because a large volume of cold water cannot be had for condensing purposes except a long distance from the market. These high efficiencies can only be secured with very large units—25,000 hp. and up. The cost of developing power in these large power plants with large units, and its transmission and distribution to the ultimate

consumer, gives the internal combustion engine a great advantage because it requires a negligible quantity of water compared with the steam plant, and this water does not have to be cold water.

PROGRESSING SLOWLY BUT SURELY

The internal combustion engine is making slow progress, but, nevertheless, is gaining ground year by year. Internal combustion engines have been built with a working efficiency as much as 35 per cent, and only a slight modification would bring this up to 40 per cent. They are, however, much higher priced per unit of capacity, and more or less trouble has been had in operation, although there are many places where they have to be used, and in such places you will always find them giving service which is just about as reliable as would be expected from a steam engine; therefore we are forced to arrive at the conclusion that the unsatisfactory result secured from internal combustion engines is largely due to prejudice against their use rather than to any real limitations upon their obtainable reliability.

It is my opinion that an internal combustion engine can be built having an efficiency of 50% or better; that it could be so built that its cost would not exceed that of a steam plant of equal size, and that it would be as reliable as a reciprocating steam engine.

Unfortunately the internal combustion engine has received more attention by inventors than by manufacturers, and it is a question in my mind whether any manufacturer, on account of the present patent situation, would be warranted in spending any large sum of money for the development of a highly efficient and thoroughly reliable engine of this type unless he is willing to spend a large sum of money each year thereafter to protect himself from infringement. The oil industry could well afford to spend the necessary money for the development of an efficient oil engine regardless of infringement.

THE EFFICIENCY OF THE INTERNAL COMBUSTION ENGINE

The average calorific value of a thoroughly good quality of steam coal would be, we will say, 26,000,000 B. t. u., and this would roughly approximate 185 gallons of oil. If we compare now the use of oil against the use of coal by the exceedingly large power plants with units of 25,000 H.P. and upwards, we

find that the internal combustion engine having an efficiency of 40 per cent will require 102 gallons of oil to equal one ton of coal; and with a 50 per cent efficiency would require 82½ gallons per ton of coal.

Stepping down now to the more moderate sized steam plants, and especially such plants as must be used for the propulsion of nearly all of our ships, I think we can consider that a steam efficiency of 12 per cent would be rather high, and an internal combustion engine using oil and having an efficiency of 40 per cent would require 55.7 gallons to equal one ton of coal, and with an efficiency of 50 per cent would require 44.5 gallons to equal one ton of coal.

For ship propulsion oil unquestionably has an advantage over coal which warrants its use at a much greater cost per million B. t. u. than coal. No percentage figures, however, can be given because the advantages would perhaps be different, for every ship and every route, and dependent in a large measure on the class of cargo as one of the great gains in the saving of cargo space. If you make comparison, however, without allowing for any of the advantages of oil against a steam efficiency of 12 per cent, and assuming the cost of handling the coal is \$1.00 a ton in excess of the cost of using oil, then with a \$5.00 bunker coal and an efficiency of 40 per cent, fuel oil becomes worth approximately 11 cents a gallon, and with an efficiency of 50 per cent it becomes worth nearly 13½ cents a gallon.

I have tried to interest different members of the oil industry many times in a plan of development of apparatus and the marketing of oil wherever it is a superior fuel. When oil is short they are indifferent to the possibilities of it; when we have a flood of oil, such as we have now, they want some way to get quick relief.

A COMPARATIVELY SIMPLE SOLUTION

There is within my vision no quick relief for the present situation. We cannot, however, get a true picture of the situation looking at the oil business alone. If, for instance, oil production is now 200,000,000 barrels above our needs this may look enormous to us, and yet we must displace only about 7 per cent of our coal production to find a market for this oil. Why should a problem of this puny size throw our giant industry into a state of collapse?

I am confident the oil business can build up the markets for oil so enormously that oil will command a price far in excess of what it does today. This alone would tend to stabilize the business, for the storage of oil now represents such a large part of its value that it is not an attractive proposition. If we could demonstrate that its value for ship propulsion was 11 cents a gallon or more when compared with bunker coal at \$5.00 and had a value of more than 20 cents a gallon for house heating, we would not only be less fearful of a flood of oil but would be willing to store it and a flood of oil would bring out many buyers for storage purposes other than the producers and refiners of oil and would encourage buying and storing by the users of oil.

I have not touched upon the use of oil on the farm. The hopes we had a few years ago have not been realized, due largely I think because we have not put our finger on one of the principal troubles. The farmer cannot afford a "cost finding" department, as a large manufacturer can, and he does not know the economics any better than the small manufacturer did a few years back. The farmer wants the motor but is loath to let go of his horse. The horse is a cheap source of power when he is working but costs about as much to maintain when he is idle. There are practically no costs on the motor when it is not working. When we can completely motorize the farm we will demonstrate the real economy of the motor and can then look for its rapid adoption. The petroleum industry can well afford to undertake the demonstration of the economy of the completely motorized farm and to help in the development of a less costly and more efficient farm apparatus.

I have not had time to make a survey to determine all of the markets which offer an attractive opening for oil. I have cited only a few examples to indicate the possibilities.

I have been very sympathetic to the railroads of the country and have wanted to see them get fair rates on the classes of freight that could stand it but there is no question that we are grievously discriminated against by the railroad tariffs now in vogue, and especially on that portion of our oil which must be used in competition with cheaper forms of fuel.

The railroad companies have pleaded the peculiarities of their business and have managed to secure recognition for the

right to charge what "the traffic will bear." We want them to recognize the peculiarities of our business, and especially the fact that our deposits are relatively few when compared with coal, and that density of consumption is less and, therefore must be handled over a wider radius. Because of these things we don't want the railroad to load us with more than "the traffic will bear."

During recent months the railroad companies have greatly improved their condition, while our condition has become worse. I am in favor of applying to the railroad companies for emergency rates to be in effect so long as our existing conditions last and also asking for a careful review of our permanent rates.

Until we have exhausted every means of direct negotiation with the railroads, I am opposed to taking the matter up with the Interstate Commerce Commission, or with any other government body.

AUTOMOBILE MEN SHOULD CONSIDER THE FUTURE

I have noted with regret that among those who have been clamoring for investigation at the price cutting of petroleum products, there are included some of the automobile organizations. There is vast capital invested in the automobile industry and the future of that industry depends upon the preservation of our petroleum resources.

Demoralization of prices for petroleum products leads to vast quantities being diverted to uses where coal and other inferior products could be used, and the welfare of the automobile business depends upon the conservation of our petroleum products, which, of course, cannot be done if great quantities are diverted to other uses. We sincerely urge the thinking men of the automobile industry to investigate carefully before joining with others in demanding that which is bad for us and equally bad for them.

You perhaps have heard it said that I am visionary. If anybody tells you that ask them for some specific evidence of the fact. I earned the reputation for being visionary when in the early days of electrical development I made predictions as to the amount of electricity that could be sold. My predictions that seemed so visionary at that time have been exceeded, and so greatly exceeded as to make me look like a very bad prophet. I made those predictions to arouse the electrical industry to its

possibilities. I am talking of the possibility of oil sales today to arouse the oil industry to its possibilities, at the risk of again being called visionary. I made good in the electric field. I have taken over many central stations and added more business in one or two years than those stations had taken on in their 20 or 30 years of previous existence. In 1907 I was told by one of the leading electrical men of London, England, that there was not much additional business to be had, and yet I was collecting more money on a per capita basis in Denver, Colorado, for sale of electricity for display purposes alone than was being collected in London for all purposes including power. In 1908 I bought a central station from local owners who said there was no more business to be had. That station is selling more than seventy-five times as much energy as it did then. These results were only secured in the electrical business because the whole industry went to work to develop and sell.

When you remember that domestic fuel consumption alone utilizes as much coal as our entire production of fuel oil I think I am safe in saying that we have potential markets for 1,000,000,000 barrels of oil over and above what we are now selling.

I was one of the men who proposed that when we should disband the National Petroleum War Service Committee we should organize a comprehensive, inclusive petroleum association. This we have now in the American Petroleum Institute. It was always my thought that our efforts would be directed primarily to the utilization of oil. Little has been done along this line yet. The present crisis has caused me to renew and intensify my efforts. I am sure progress is being made. Every week from now on I think you will see one marketer after another establishing tank wagon routes for the supply of oil for house heating purposes and for the small industrial users.

The program I recommend is this:

1st—That we make such changes in the basic methods of producing crude oil that the raw product will not have to be forced upon the market in excess of what the market can absorb.

2nd—That we stimulate every oil company to develop as far as possible the utilization of oil, and to secure the widest possible application for every use which is developed.

3rd—That we give support, encouragement and assistance to investors and manufacturers of oil burning apparatus.

4th—that the industry as a whole shall cooperate to develop such uses for oil as the individual companies for competitive reasons are not warranted in doing.

If this program appeals to you, I hope you will give it your enthusiastic endorsement and your determined support.

I have not so much sympathy for the so-called small consumer, for instance, that they talk about in the gas and electric business, because the small consumer is oftentimes the man with the small family or is a bachelor like myself, or a married couple with no family. My sympathies go out to the people who have large families to raise, because they are the ones the burden of the present enormous scale of prices falls heaviest upon.

—HENRY L. DOHERTY.

At one of the most successful annual meetings ever held, the American Petroleum Institute delegates, who attended the sessions held in St. Louis December 11 to 13, inclusive, received a message from Mr. Doherty on "The Utilization of Petroleum Products," which created a great deal of interest, widespread attention and discussion. That phase of Mr. Doherty's address dealing with the utilization of oil for the heating of American homes was of particular interest, and two sessions, at which it was the item under discussion and which Mr. Doherty presided over, were well attended and productive of many suggestions. In his address Mr. Doherty said:



LAST summer I made the statement at a meeting of the Board of Directors of the American Petroleum Institute that it should be possible for us to market all the oil we are now producing and still increase our revenues \$1,000,000,000 a year in excess of what they are now. I have seen no reason to change my mind.

"If we can increase our revenues by \$1,000,000,000 a year, surely we can afford to devote time and serious thought to the

subject and spend some money on a sales campaign. As business men it is up to us to sell our product wherever it has the greatest value to the user. This is not simply good business, but it is in accord with the laws of economics and the laws of true conservation.

"If there is any other important industry in the country that gives less thought or spends less money collectively for the good of the business and the development of that business, I don't know what it is.

"When the retail customer can occasionally buy gasoline in some parts of the country at less per pound than he would pay for anthracite coal, and can often buy kerosene at less per pound than he would pay for anthracite coal, it requires no great intellect to know there is something wrong about the business. In fact, it is so wrong that the word 'wrong' does not express the situation and we have to use the nasty word of 'rotten.'

STATEMENT MADE YEARS AGO

" 'There is something wrong with any business or any branch of any business that does not require salesmanship.'

"I wrote that statement many years before I went into the oil business. I have never doubted it then or since. Every branch of every business ought to be conducted at a profit. Price structures and price levels should be such as to make every branch of our business desirable and worth stimulating. If there is anything we have for sale that we do not care to devote salesmanship to, then there is something basically wrong with our methods. Things which do not require salesmanship are generally sold too cheap.

"The oil man has talked oil famine for a long time and has governed himself accordingly. The history up to date is that he has fooled himself and nobody else, and his continual expectation of a famine has cost the oil industry billions of dollars. I have talked about an oil famine and have believed in it, but I am going to quit talking about it and I am going to urge everybody else to quit talking about it, for if the continual talk about an oil famine has the effect of causing the oil business to disregard the rules of self-preservation, then it is time to let somebody else do the worrying about the shortage.

"It is our duty to prevent the devastation of the oil resources of this country to the best of our ability, and when we have done

this, then it is up to us to sell whatever oil must come on the market, be that amount much or little, to the customer who can pay the best price.

"If oil for railroad use is worth half again as much as for use in the stationary power plant, then it is up to us to sell all the oil we can for railroad use.

"If oil is worth still more for ship propulsion than for railroad use, then we should endeavor to sell all the oil we can for ship propulsion.

"If it is worth still more for household heating than for ship propulsion, then we should endeavor to sell as much as we can for house-heating purposes.

"There is no group of men I have ever worked with that I like better than the oil men. On the other hand, there is no group of men I have ever worked with that get on my nerves at times worse than these same oil men.

"I have no patience with any industry that is willing to lie down and let the steam roller go over it, nor have I any patience with an industry which devotes all of its time to blaming some one else in the industry for its troubles instead of courageously meeting those troubles. The oil industry is like the man with a leaky roof. When the weather is fair the industry has not the foresight and enterprise to fix the leak and when the weather is bad it can't fix the leak.

"This idea that all the troubles of the producer are blamable on the refiner and all the troubles of the refiner blamable upon the producer or the jobber or somebody else is 90% bunkum. If we could correct all of these troubles to everybody's liking we still would not in times of trouble be able to notice any improvement for the difference would be so small.

"I want to see an industry in which every branch of it is prosperous and happy. There is no need for one branch of the business to take away any of the legitimate profits of any other branch of the business. We are furnishing a commodity that has a much greater value to the user than it costs the user, and the user will not profit, but will lose in the long run, if every branch of the oil business is not able to maintain itself on a profitable basis.

"I am in the oil business for the balance of my life. I want to have the respect and good-will of the other men in the busi-

ness. On the other hand, if I felt I could point out the remedies for our troubles and then could not awaken the men of the oil industry up to their responsibilities without insulting them, I am inclined to think I would deliberately insult them. I am not here to defend the accusations made against this, that or the other branch of the business. The bulk of our troubles, however, do not come from these things and the correction of these things would still leave much to be desired.

"We are cursed primarily by the fact that the rules for property ownership are different in the production end of the oil business than in any other business in the world and are likened only to the rules relating to the ownership of wild animals and birds.

"This makes it impossible for us to have vast bodies of oil resources located and large bodies blocked out that can be drawn upon as the market demands. The location of an oil pool means under present conditions that it must be immediately forced upon the market whether the market can take it or not. If there is no market for other mineral products, they can be left in the ground. This is not true with oil. We are continually vibrating back and forth between an over-production of oil and the threat of a shortage of oil with no adequate resources on which to draw to stabilize either our supplies or our prices. Our customers are alarmed at times for fear they will not have a supply and are continually irritated and annoyed by wide fluctuations in price. The man on the street compares our business with every other branch of business and concludes that such fluctuations in price can only result from either mismanagement or manipulation.

"Our ground resources of oil are drained as rapidly as physical conditions will permit regardless of whether the markets will take the oil or not, and we have absolutely no ground supplies blocked out that can be drawn upon at will as is the case with all other mineral products, and this in spite of the fact that over ground storage of oil costs more and leads to greater waste than any other mineral product.

"During the past few years we have often seen oil sell for less than the cost of storage and while above ground storage beyond a minimum amount should not be encouraged, nevertheless even under present conditions when ground reserves are

impossible storage above ground to any great extent is economically impossible.

"Until our laws can be changed to put us on an even footing with all other forms of property we must contend with this inability to control production except over wide ranges, but, nevertheless, even operating under this handicap, we can better things immensely.

"We are burning now every day more than 1,000,000 barrels of oil, much of which is sold for purposes for which coal which is more or less abundant would be equally available; and this 1,000,000 barrels of daily consumption used in many cases in strict competition with coal offers the elastic factor which warrants us in developing all of the superior uses for oil where it has a greater value over other forms of fuel.

"I for one am tired of seeing a period of over-production occur and then have everybody sit down and wait for something to happen. There may be a special Providence for old women, little children and drunken men, but there seems to be none for the oil business. What we need is less wind and more work, less talk and more thought, less belly-aching and more brain effort, less bile and more guts.

TWO IMPORTANT COMMITTEES APPOINTED

"The American Petroleum Institute has recently appointed two important committees, one to consider changes in our methods of producing oil so that the evils now existing in this branch of our business can be eliminated and especially so that oil will not be forced on the market beyond the ability of the market to take it. The other important committee relates to the matter of the utilization of petroleum products. In spite of the fact that no one openly challenges my statement that we should be able to sell all the oil we are now producing and receive a revenue of at least \$1,000,000,000 a year in excess of what we are now receiving, nevertheless, the leaders in the business feel that the industry would not be willing to spend even a single penny of each \$100.00 of this huge opportunity. Many of the industries much smaller than the oil industry, and with relatively much smaller resources, contribute and spend collectively, aside from what each company spends in the different sales departments, hundreds of thousands of dollars every year—yes, in some cases millions of dollars every year.

The petroleum industry of giant size and with unlimited opportunity spends next to nothing.

"My fellow members of the Committee on Utilization of Petroleum Products advised against even asking the industry for an appropriation of \$100,000 a year to spend on this work and felt that the industry would not listen sympathetically to the request for more than \$50,000.

"One per cent of \$1,000,000,000 a year would be \$10,000,000, and \$100,000 a year would only be one one-hundredth of 1%, or \$1.00 for each \$10,000, or one penny for each \$100.00.

MAINTAINING A GAS SALES ORGANIZATION

"There are many industries where no one company can afford to develop new uses for the product of the industry. I have used frequently the distinction between a gas company selling gas for, say, industrial purposes and an oil company selling oil for industrial purposes. I happen to be in both the gas business and the oil business. In the gas business we can afford to maintain a highly efficient and, therefore, an expensive sales organization. We can also afford to maintain a highly efficient and, therefore, expensive engineering organization for the purpose of developing new uses and new applications for gas. We can afford to not only convert the manufacturer by the work of our salesmen to the use of gas as against some other fuel, but we can afford to have our engineering organization design, build and supervise the initial operation of special furnaces designed by us to suit the needs of our customers. We can afford to do this because once this customer is connected to our gas mains he has no other source from which to buy his fuel.

"I have shown many of the men in the oil business that we find no difficulty in selling gas at a price which would be equivalent to from 15 cents to 30 cents a gallon for fuel oil, and there is no difficulty in showing that much more oil could be sold than gas, but no one company can afford to furnish the salesmanship and the engineering to develop these uses and applications for oil, for as soon as he can, the customer will shop with every other oil company in the country, and whether he shops for oil or not a good many of the other oil companies will be around to try and sell him oil; therefore, this work must be done by the industry as a whole and cannot be done on any large scale by any individual company.

"Taking what would be perhaps a representative, although a very conservative figure, as the amount expended by many of the gas companies, and applying this expenditure to the oil business for the entire country it would amount to considerably more than \$10,000,000 a year, and it pays, and this is an indication of what it would pay the oil companies to do.

"One of the cement organizations representing an industry much smaller than ours, expended last year collectively more than \$3,000,000, and I understand they are expending this year in excess of \$5,000,000.

"The oil industry except for certain individual efforts—which are almost negligible—does not attempt to either develop new uses for oil nor to extend the application of these uses. It merely supplies oil for uses developed by others. Do we simply lack vision or are we just plain pikers?

"Our industry is periodically threatened with bankruptcy for lack of ability to sell the oil produced, and yet the total quantity of oil produced is puny in comparison with the total fuel needs of the entire country.

"We can foresee uses for oil that would absorb \$1,000,000,000 a year in excess of what we now produce, and yet what we can foresee is practically small compared with what might be realized if we were to put on an intensive sales campaign.

"If every man in this room were to sit down now and list all of the uses for oil which he can foresee at this time, we would, by an intensive sales campaign, undoubtedly develop twice as many uses as the entire list we could now collectively make up.

"There has probably been spent during the past year more money by manufacturers on the development of house heating burners than the entire expenditures for all purposes by the oil industry in the sixty odd years of its existence. And to state the losses the oil industry has suffered by their unwillingness to spend money on the utilization of oil would run into figures that would be so staggering that I would hesitate to say what they are.

"The biggest thing now on the horizon is the use of oil for household heating. This has been brought about not only with-

out the help of the oil industry, but in many cases against the opposition of the oil industry, and yet thousands of homes are already being heated by oil, and the fuel used for domestic purposes throughout the country would on an energy basis be almost equivalent to our entire production of oil at this time.

"Clubs are being formed in the various cities by the men engaged in producing the apparatus used for household heating, and I predict that before March 1 of next year these clubs will have a membership in excess of the membership of the American Petroleum Institute.

"There has been no time for several years that this field for the utilization of oil was not open to the oil companies, and yet the oil companies have been the hardest to convince that people could afford to buy oil for heating their homes. Every oil man seems to want to compare the cost of oil with the cost of coal. Coal at best is far from satisfactory for house heating, but the cost of coal is only one item of expense that the householder must pay, and often the care of his furnace and the removal of his ash amount to much more than the cost of his coal, and these items are saved if he uses oil.

PEOPLE CAN PAY FOR OIL

"We have demonstrated in the artificial gas business that people can and will pay for gas to heat their homes the equivalent of 20 to 30 cents a gallon for oil, and yet in spite of thousands of examples of the use of both oil and gas for house heating there seems to be still hundreds of oil men who will sit on a swivel chair and announce that the public cannot afford to use oil. These men remind me of the story about the man who was put in jail on some charge and when his lawyer visited him and he had explained what had happened, the lawyer said, 'Why, they can't put you in jail for that,' but his reply was, 'Maybe they can't, but I am in jail.'

"There are nearly 15,000,000 motor cars in this country, and if you asked any one of these self-complacent oil men twenty years ago how many people could afford to have an automobile he would probably have told you not over 500,000. Now an automobile is a much greater luxury than the use of oil for house heating purposes at either our prevailing oil prices or any price oil has heretofore touched. Except as we are unable to control our business there is no excuse for the sale of any oil at prices

comparable with coal, for it all can be used for purposes where it has much greater value.

"All industrial processes requiring a high temperature offer an opportunity for oil at prices greatly in excess of the price for coal. This is particularly true with smaller furnaces. I am inclined to think that the railroads could afford to pay twice as much for oil per B. t. u. as for coal, although they may not realize it, and if they do realize it, they may not admit it, but the one industry that ought to know what a railroad can afford to pay for oil is the petroleum industry, and if the petroleum industry knows this—and I have never seen any evidence that it does know it—and if any man in the petroleum industry knows what the railroads can afford to pay for oil I do not know who that man is.

"The same thing is true of ship propulsion, but in the case of ship propulsion oil probably has a different value for every ship and for every route and perhaps for every run. Oil permits of a great saving in cargo space which may or may not have its full value for every run of the ship and perhaps in many cases has no value whatever.

"There is no question but what the farm can be entirely motorized and to the great advantage of our agricultural economics, but we will all be dead if we wait for the farmer and the motor manufacturer to develop all of the applications of the motor to the farm and then to bring about their adoption by the entire agricultural community.

"We, as an industry, could well afford to demonstrate the economics of the completely motorized farm and yet there is no need for us to do this, but it is inexcusable for us to stand idly by and wait for somebody else to do this for us.

"We are going to have a number of papers relating to the utilization of oil. I believe this subject is of greater importance to us than any other subject other than the matter of the control of production. The matter of control of production hits every feature of our business; in fact we cannot ever develop the proper utilization of oil until we can control production. We will never be able to realize ultimate sales, secure preference for oil over other fuels and have satisfied customers and the confidence of the public until we can stabilize oil supplies and prices.

"The program I have been recommending for some time is this:

"(1) That we make such changes in the basic methods of producing crude oil that the raw product will be located in vast quantities and blocked out in large amounts so as to be readily accessible, and under conditions whereby it will not have to be forced upon the market in excess of what the market can absorb.

"(2) That we stimulate every oil company to develop all possible demonstrated applications for the utilization of oil.

"(3) That we give support, encouragement and assistance to inventors and manufacturers of all oil burning apparatus.

"(4) That the industry as a whole shall contribute and cooperate to develop such uses for oil, as the individual companies for competitive reasons are not warranted in doing.

"If this program appeals to you I hope you will give it your enthusiastic endorsement and your determined support. Results can only be secured by the oil industry by every man in the oil industry contributing his share. The man who contributes nothing to this work is not simply an idler but a brake on the wheels of progress."

Too great a demand for labor will incite the labor unions to strife, for the sake of getting higher wages and shorter hours. Too great a depression in business resulting in much unemployment of labor will cause the employers to force down the wages to the lowest possible notch, and at some intermediate point will be found the highest degree of peace, but probably that point will be one in which 5 per cent of all the labor of the country is without employment, and that is the inhuman feature that the real friends of real labor want to correct.

—HENRY L. DOHERTY.

For the annual financial review of New York Tribune, January 7, 1924, Mr. Doherty contributed the following article on public utilities:



THE recent history of the public utility business has not brought anything of a revolutionary character, but there has been at all times a general improvement which though evolutionary in character has on the whole proved over a term of years almost revolutionary.

Twenty-five years ago the consumption of fuel was often as much as 10 pounds per kilowatt hour generated. Today all of our larger and more modern power plants are producing a kilowatt hour on approximately $1\frac{1}{2}$ pounds of coal or less. To secure these high efficiencies larger generating units and large power plants are necessary, together with an abundance of cold water for condensing purposes. The location of the power plant is today fixed very largely by the water supply and this often means that the power plant must be located at a point that is neither entirely suited to the source of fuel supply or to the market.

The growth in the use of power has been almost unbelievable, and this growth has been economically possible only by means of the large centralized power plant. In some communities the electric supply company is selling one hundred times as much energy as it did twenty years ago. A curve showing the increase in power produced and coal produced would be almost startling—and I am sorry I cannot have such a curve drafted to accompany this article. It would show at all times on the whole a very great increase in the amount of power generated and yet at times it would show a diminished coal supply even when the amount of generated power being produced has been increased.

The original purpose of the state public utility commissions was for a more continuous and a more drastic regulation of the public utility companies. Perhaps no one foresaw when this movement first started the wonderful advantages which would accrue to the public and the stimulation it would give to the industry. In the days when most of the electric companies were regulated and controlled by the municipal authorities, the central station did not even assume to supply power beyond the city limits, or at least beyond the environments of the city. The crea-

tion of the public utility commissions made intelligent regulation possible even though the electric supply company operated throughout the entire state. This has led to more and more people receiving electric supply than would otherwise have been possible, and by the creation of this larger business economies have been made possible which have been of benefit to all customers.

We have evolved into the so-called "super power" systems and more and more people are getting the benefit of electric service. Here and there engineers are working out diagrams showing power service with continuous lines from one end of the country to the other, north and south and east and west.

The tendency has continually been to a higher and higher voltage of transmission lines, and it looks as though 200,000 volts or more would become the standard practice. Strange as it may seem, every increase in voltage seems to have brought with it greater and greater reliability of the transmission lines. One factor that has contributed to this needs only to be mentioned to be appreciated, namely, that as you commence to insulate for these higher and higher voltages, lightning has less chance to strike your transmission lines and break down the insulation of any part of the system.

Possibly no other industry has shown such a wonderful development, or has reached such a high state of efficiency in so many particulars—and I say this fully conscious of the wonderful development of the automobile business. The electric supply business has reached a state of efficiency which the automobile business has not yet reached, and it is probably serving the public at a lower margin between cost of service and cost to the user of any industry that is in a good, healthy condition. There are few, if any, industries that supply a service to the public at a lower cost in relation to the value of that service to the user, than the electric supply business.

No small contribution to this wonderful progress must be attributed to the modern holding company. These companies have been able to group small or moderate sized companies together and create a business of sufficient magnitude to support a staff of managerial and technical talent that would have been impossible by any other means. These holding companies have blazed the way for the smaller companies and for the local and

less efficient management, making it possible for the smaller companies to do no more than to simply imitate the practices of the larger holding companies. The vast capital expenditures which have been required could probably never have been raised except through the greater opportunities for financing which were created by the adoption of the plan of having holding companies—and yet all of the benefits and advantages of these holding companies have not yet been realized.

Sooner or later the investing public will realize that the securities of these holding companies offer a degree of safety which is not appreciated. One of the rules often practiced by investors is that of diversification of their investments. Many English investors will not put more than five per cent of their investment funds into one single security. Diversity of this character does not protect one against loss but does limit the loss to that one security. The holding company, however, offers in a single security a wide diversity of investment, and all excess earnings from any one company must be used to make good the losses on any other companies, and that is why these securities up to date have such a remarkable record for safety. In addition to this, a holding company can have one or two lame properties which would cause bankruptcy if they were locally owned and yet the holding company can bridge over the period of difficulties and eventually make good losses where it would be impossible for local owners to do the same thing.

The gas companies have received but scant attention from the public, but while they have not had the sensational growth of the electrical business they have had at all times a healthy, substantial growth and are continually finding new applications for gas, and especially for industrial purposes.

The gas companies have been terribly handicapped by being compelled to work under standards which were adopted at a time when gas was used exclusively for lighting purposes. These standards are continually being modified but as yet none of the regulatory bodies have looked the problem square in the face with the idea of prescribing standards suitable for present-day needs—or perhaps I should say that no regulatory body other than the Public Service Commission of Colorado has done so.

Today the gas customer is not interested in the illuminating quality of the gas, nor is the customer interested in the B. t. u.

per cubic foot. Generally speaking, the less the B. t. u. per cubic foot, down to at least a 300 B. t. u. gas, the higher the efficiency proves to be to the customer per million B. t. u. The needs of gas today can always be supplied with non-luminous gas, and in many cases the ingredients in the gas which contribute to its luminosity and its high B. t. u. density are objectionable to the customer. The same thing that gives the gas its luminous character is the same thing that blackens the pots, and in gas of improper combustion brings about carbon monoxide poisoning.

If the regulatory bodies will permit the gas companies to adopt the 3-part method of charging, and will permit the gas companies to supply a non-luminous gas, we can make gas the universal fuel, and can even heat the home, to the great comfort and convenience of the home owner.

Progress is being made in house heating and is being watched with great interest by the gas companies. A systematic program of house heating is being carried out at Denver, Colorado, and more and more homes are continually being put on to the gas lines.

The heating of homes with oil is making more rapid progress than the heating of homes with gas, but gas is bound to be either the eventual fuel for house heating or for the bulk of all our house heating.

The amount of domestic fuel used in this country of every form is more than the equivalent of all the fuel oil we are now producing.

The use jointly of oil and gas to heat the home will make an ideal combination, the gas being used to supply the heat required, we will say, down to 30 degrees and when the thermometer goes below 30 degrees the gas will be supplemented by the burning of oil. This will mean a thoroughly uniform load on the plant, mains and meters of the gas company, while it will be of no great problem to supply the oil to supplement the gas in extremely cold weather.

The gas of the future will probably be approximately a 300 B. t. u. gas. Oil has the greatest concentration of energy of any fuel, and can be the most economically stored and handled, and oil has an energy of a million B. t. u. per cubic foot. The ease of storing oil and its high B. t. u. density is the reason why a combination of gas and oil for house heating will probably prove more economical than either one of them used alone.

A street railway company must be ready to serve its patrons at all times whether anybody wants to ride or not. The cars must be operated on every line and on fixed schedules. If the street railway company hauled no passengers but simply maintained its cars in operation to offer service, it would still have at least 80 per cent of all the expenses it now has, so that 80 per cent of all the expense of a street railway company is caused by the requirement of service and only 20 per cent or less of the expense is caused by the hauling of passengers.

A vehicle using gasoline for power and running on rubber tires cannot compete with the street railway company under conditions that the street railway company must meet. The street railway company is often burdened with paving obligations, snow removal and matters of that sort. The so-called jitney has none of these expenses and does not give service. It is there to haul passengers when it can haul them profitably. It seldom operates except in the most congested districts, and disappears from the streets in event of a heavy snow storm until such time as the street railway company has swept the tracks clean.

This jitney bus competition is an obvious contradiction to the boast of the American people that they always want to see fair play. In the early days of the public utility business, competition was depended upon to control rates. The public itself concluded that competition between public utilities led to unnecessary duplication of capital and was in the end the cause of higher rather than lower costs, so the public decided that by natural laws we were a monopoly and the interest of the public would be best protected by recognizing us as a monopoly; but the public said: "If you are recognized as a monopoly, you must submit to public regulation," and to this we said, "Yes." Only a few years elapsed before the jitney bus was knocking at the door for the right to compete with us—and the public either forgot or disregarded the agreement that had been reached. The jitney bus represents the worst form of seab competition. It does not give service, but simply skims the cream off the transportation business and leaves the skimmed milk for the street railway company. All that is needed is for the public to live up to its boasted reputation for fair play, and practically every street railway of the country that was properly conceived and properly operated will be back on a paying basis.



FRANK R. COATES AND HENRY L. DOHERTY
ON THE TRAIN FOR TOLEDO

TOLEDO

The Doherty interests purchased the Toledo Railways & Light Company in February, 1913. They took charge of operation in April. F. R. Coates had been brought to Toledo in 1911 in an effort to bring order out of the chaos into which the public utility situation in Toledo had fallen. He was given the job of cleaning up the Company's troubles at the earnest recommendation of bondholders, although he was working with an executive committee representing the stockholders.

The old executive committee had been so inured to refusing unreasonable demands on the part of various politicians that they appear to have lost all sense of discrimination between reasonable and unreasonable demands. If the city wanted the Company to do anything this in itself (it appears) was prima facie evidence that it was wrong. And the converse was just as true—if the Company asked the City for any change, the politicians instinctively took the ground that such a change must be bad for the City.

Obviously such a condition could not go on forever. The utilities were hamstrung—their credit was gone—they could not finance extensions—city growth was held back. No more striking or convincing evidence of the effect of antagonism to public utilities can be shown than the increase in population of Toledo during the decade of persecution and the decade of constructive cooperation. From 1900 to 1910 Toledo's population increased 37,000. From 1900 to 1920 the population increased 75,000—twice as fast as during the uncompromising street-car war. In three years, from 1920 to 1923, after the utility problems were settled, the population increased 42,000. The antagonism was not lacking in the second decade, but it was realized both by the people and the Company that a common basis of understanding was possible, that neither the City nor the Utilities could grow or

prosper without the other, and that the Company was making a real effort to assist in the growth and progress of the community.

New money—millions—was poured into the railway and lighting plants, and service of a standard never before known in Toledo was given. Prior to the advent of the Doherty organization, industries already established in Toledo organized branch factories in other cities rather than expand in Toledo because of inadequate power and transportation. With plenty of electric power, Toledo began to forge ahead. Factories were enlarged, production increased, new population came to the City, new industries were urged to come—did come—to Toledo through the efforts of the Toledo Chamber of Commerce, assisted by the Industrial Department of the Doherty organization, and the City embarked on an undreamed-of era of prosperity.

Before the Doherty interests acquired the Toledo property the fare was five cents, six tickets for twenty-five cents, and three cents for one hour night and morning for the benefit of workingmen. Franchises were expiring from time to time, the last one, according to the City, expiring in 1914, after which the street railways were considered as trespassers. In 1911 the City passed a three-cent fare ordinance, effective January 1, 1912. This ordinance was finally amended to leave the old fares except that workingmen's fares were extended to two hours in the morning and two hours in the evening. A better feeling between the Company and the City was already beginning to manifest itself because of the action of Mr. Coates—immediately after he came to Toledo—in establishing universal transfers in place of the previous policy which had permitted transfers only from one "Robinson" line to another and from one "Traction" line to another, these two systems being the original components of the Rail-Light transportation system.

In 1913, six months after the Doherty organization took over operation of the property, the City Council passed another three-cent fare ordinance, effective March 27, 1914. The Company's reception of this ordinance was the first convincing evidence that there was a new order of men in charge of the public utilities of Toledo.

The City was prepared for a long-drawn-out legal battle, fought to the last ditch, with fares meanwhile held at the old

figure. Of course, the Company notified the City that it could not accept the ordinance, but that was all. What the Company would do when the ordinance went into effect was as much a mystery to the City officials as it was to the public at large.

Don't waste too much time on slanderers. If the Postman stopped to fight it out with every little yellow cur that barked at him, he would never get his mail delivered.

—HENRY L. DOHERTY.

Early in 1914 Mr. Doherty put the Company on record as asking for a new franchise, and outlined his ideas of what such a franchise should contain. He wrote:

Toledo, Ohio, January 28, 1914.



O the Honorable the Mayor, and Council, of the City of Toledo.

GENTLEMEN:

The Toledo Railways & Light Company hereby desires to make a proposition to the City relative to an extension or renewal of the street railway grants of the Company, and therefore submits the following:

1st. That it is for the great interest of the community that every person should be carried to his destination, within the City limits, at one fare, without extra charge for transfer, with an exception as shown below, by one Company owning and operating all street railway lines in the City, subject to the regulation and under the control of the City.

2nd. That the street-car riders, who really pay the cost of operation, should not be burdened with any obligation in addition to the ordinary cost of transportation, such as street improvements, maintenance, cleaning of streets, bridge tolls, etc.

3rd. That the Company is entitled to net earnings, from the operation of its street railway within the City limits, equivalent to eight (8) per cent per annum on the cost of reproduction of such street railway property.

The Company proposes the following sliding scale of fares:

(a) That the lowest rate of fare, within the present City limits, shall be five (5) tickets for fifteen (15) cents, or a five

(5) cent cash fare, both with universal transfers. Our experience has shown that the public prefer to purchase five tickets for fifteen cents rather than to pay three-cent cash fare, and this plan will save the public and the Company a large amount of trouble.

(b) A fare, within the present City limits, of five (5) tickets for fifteen (15) cents, with one-cent fare for transfer, or five (5) cent cash fare with universal transfer.

(c) A fare, within the present City limits, of seven (7) tickets for twenty-five (25) cents, or a five (5) cent cash fare, both with universal transfer.

(d) A fare, within the present City limits, of six (6) tickets for twenty-five (25) cents, or a five (5) cent cash fare, both with universal transfer.

(e) That the Company, its successors and assigns, be granted the right, under the terms of this proposal, to operate its street railway for twenty-five (25) years.

(f) That the Company will surrender all its present grants for the operation of the street railways within the City.

(g) That the valuation of the property used for street railway operation be fixed at Seven Million Dollars (\$7,000,000), such street railway property to consist of tracks, cars, trolley wires and poles, car barns and shops, but shall not include any power house, substation, underground conduit, feeders, park property, etc.

(h) That if said valuation of Seven Million Dollars (\$7,000,000) is not acceptable to the City, the grant shall contain a provision for determining the reproduction cost of such railway, to the effect that if the Company and the City authorities do not agree upon such reproduction cost, within ninety (90) days from the time such grant goes into effect, then in that event a Board of Appraisers shall be appointed to determine such reproduction cost, said Board of Appraisers to consist of one appraiser to be named by the City, one appraiser to be named by the Company, and the third to be the Hon. John M. Killits, Judge of the United States District Court; the appraisal, in writing, of this Board, or any two of them, to be binding upon the City and upon the Company as determining the amount on which the Company shall be entitled to net earnings at the rate of eight (8) per cent per annum.

(i) That the City shall at all times have the right to inspect the books of the Company. The items to be charged respectively to operation and to capital account shall be determined by standard systems now in use, subject to such modification as may be agreed upon from time to time by the City and the Company.

(j) That all net earnings of the Company, derived from the operation of its street railways within the City limits, over and above an amount equal to eight (8) per cent per annum on \$7,000,000 or on the valuation determined as above and such additional capital expenditures as may be made from time to time, as hereinafter provided, shall be held as a special fund to be used only as hereinafter provided, and when said fund shall reach the sum of Two Hundred and Fifty Thousand Dollars (\$250,000), the Company shall immediately put into effect the next lower rate of fare.

(k) If at the expiration of three (3) months the initial fare that is agreed upon shall not produce net earnings equal to eight (8) per cent per annum on the valuation and capital expenditures as above, then the next higher rate of fare shall become effective.

(l) In the event that at any time any rate of fare (then in effect), shall not produce net earnings equal to eight (8) per cent per annum on the valuation and capital expenditures as above, the deficiency shall be taken by the Company out of said special fund until such special fund shall have been reduced to Fifty Thousand Dollars (\$50,000), when the Company shall then have the right to, and may forthwith put into effect the next higher rate of fare, which will produce net earnings equal to eight (8) per cent per annum on the valuation and capital expenditures as aforesaid, and such rate may be increased from time to time when and if necessary to produce the net earnings as above provided; provided, however, that such rate of fare shall not in any event exceed a five (5) cent cash fare and six (6) tickets for twenty-five (25) cents, with universal transfers.

(m) That in and by the grant the Company shall not be required to pay for bridge tolls, separation of grades at railroad intersections, paving or repaving of streets, street cleaning and sprinkling, licenses or other special taxes.

(n) The City shall at all times have the right to regulate the character of the service; provided, however, that no regulation shall be such as to cause the net earnings of the Company, with the maximum rate of fare in force allowed herein, to be reduced to an amount less than eight (8) per cent per annum on the valuation and capital expenditures as aforesaid.

(o) That the City shall have the right at all times during the term of the grant, on six months' notice, to purchase the railway properties of the Company as above defined, at the valuation as agreed upon or determined plus the capital expenditures as aforesaid.

(p) That the Company shall make such improvements and build such extensions, within the City limits, as may be required by the City, the cost thereof to be added to the valuation as herein provided; provided, however, that the Company shall not be required to make such improvements or build such extensions within ten (10) years of the expiration of the grant to operate its street railways or if thereby the net earnings of the Company will, with the maximum rate of fare allowed for herein, be reduced to less than eight (8) per cent per annum on the valuation and capital expenditures as aforesaid.

(q) That the Company shall make such arrangements as to re-routing as the City may authorize, tending to better the service and decrease operating expenses.

(r) The capital expenditures required, ordered, authorized or approved by the City shall be capitalized to the extent of eighty (80) per cent of their cost, the balance of such cost to be charged to current operating expenses.

(s) That the Company and the City agree as to the price to be paid for electric power for the operation of the railways, and in the event of the City and the Company not being able to agree as to such price, the price shall be fixed by the above-mentioned Board of Appraisers, subject to adjustment at the end of each five (5) years.

(t) That if the City shall not within fifteen (15) years from the taking effect of this grant, exercise its option to purchase the railway, the City may renew the grant or make a new grant to the Company for a period of twenty-five (25) years, on the same terms, which the Company shall agree to accept. In event that the grant to the Company to operate such railway shall, at

any time, have less than ten years to run, the Company shall thereafter have the right to charge, until such renewal or new grant is made, or until the termination of its grant, a five (5) cent cash fare with universal transfers; provided, however, that during such time, all net earnings of the Company, over and above the eight (8) per cent per annum of the valuation and capital expenditures aforesaid, shall be held and used as a sinking fund for the retirement of the bonded indebtedness and capital of the Company; and the City shall, if it elects to purchase thereafter, have the right to purchase the railway properties at the valuation and capital expenditures as above, less the amount in which the bonded indebtedness and capital of the Company shall have been reduced through the operation of such sinking fund.

(u) That the Mayor of the City of Toledo, or such other representative of the City as may be provided by the grant, shall at all times be a member of the Board of Directors of the Company owning and operating the street railways under the grant.

THE TOLEDO RAILWAYS & LIGHT COMPANY.

The man who is the real friend of the people must stop to think that when business is persecuted it is the consumer in the end who pays the freight.

—HENRY L. DOHERTY.

On March 27, 1914, Mayor Carl H. Keller issued the following proclamation:

MAYOR'S PROCLAMATION TO THE PEOPLE OF TOLEDO.



HIS being the 27th day of March, after midnight tonight the ordinance passed November 24, 1913, becomes effective, so that the prevailing rate of fare on cars traversing the streets of this city will be three cents with universal transfers.

I am of the firm opinion, and I am sustained in that opinion by the city solicitor, that this ordinance sustained by the present council is entirely effective to require the company now operating its cars upon our streets to accept a three-cent fare.

However, the Toledo Railways & Light Company through its legal representative has served notice upon myself and the city solicitor that it will not accept a three-cent fare and that it will ask for an order in the federal court restraining the city from enforcing the three-cent fare ordinance, claiming that the franchises do not expire at this time.

Whatever merit there may be in this contention I have the utmost confidence that the people of Toledo will be fully protected and their rights preserved by its city solicitor and his department.

I dislike very much to have this controversy between the company and the people find its way into the courts for the reason that court procedure is too often interminable, so that the people become impatient with its delays.

I sincerely hope that the citizens of our city will proceed in the enforcement of this ordinance in a peaceful and orderly manner, and that they will at all times remember that the city's legal department is at their service.

My own attitude in the matter will be this: Shortly after midnight tonight I shall enter upon a Summit and Broadway car and proffer the conductor in charge of the car three cents in currency. Upon his refusal to accept my proffer of a three-cent fare I shall communicate this fact to the city solicitor, who assures me that on Saturday morning he will ask for an injunction compelling the company to accept a three-cent fare.

I again urge upon the citizens to employ only peaceful means to accomplish the enforcement of this ordinance.

The fight for a three-cent fare is not merely a local one. The eyes of the entire nation are centered upon this city in this struggle, and what is accomplished here to bring about lower fares for the citizens of Toledo will go forth as an example to other cities of the United States. I trust that nothing may be done to reflect upon the fair name of our city.

Respectfully,

CARL H. KELLER,
Mayor of Toledo.

Most men want to be fair, according to my observation.

—HENRY L. DOHERTY

The three-cent ordinance was known as the Schreiber ordinance, and naturally the newspapers were filled with comment on the attitude of the Company. Typical was the story in the "Toledo Times," of March 28, 1914, which said:



FREE transportation on all street cars in the city of Toledo for patrons who offer 3 cents in change is the result of the Schreiber ordinance, which became effective Friday midnight. The free rides will be given until Saturday noon or possibly 5 o'clock in the afternoon, when it will be too late for the city solicitor to file an injunction in Common Pleas Court. The move on the part of the traction company in refusing the 3-cent fares, but also refusing to put any one off the cars because they tender the pennies, is one of the cleverest

pieces of legal strategy ever conceived in the local franchise fight.

Because no one is ejected from the cars for refusing to pay their fares the city solicitor will have no complaint on which to base his injunction in Common Pleas Court, and there will be no litigation before 10 o'clock, the hour set by Judge Killits for hearing on the injunction asked by the Rail-Light attorneys.

HAS NO GROUNDS

Had the Rail-Light refused the 3-cent fares and put off the cars a single passenger the solicitor would have had grounds for his injunction compelling the company to operate under the provisions of the ordinance. As it is, he will have no grounds and is helpless, as far as legal support is concerned.

Mayor Keller was the first city official baffled on the 3-cent fare ordinance. Knowing that he intended to make the official test for the city, Henry L. Doherty played tag with the mayor and a crowd of newspaper men after midnight.

PLANS TO BOARD CAR

The mayor stepped into his automobile at midnight and went out Adams Street to Collingwood. The plan was to board a car, offer 3 cents, be ejected, and then give the solicitor grounds for an injunction in Common Pleas Court. Newspaper men and photographers accompanied the mayor in his machine. Two machines followed. One contained Chief of Police George Murphy, Superintendent of the Bureau of Identification, Dick McKey and other police officers, while still another machine carried City Engineer Herbert McKecknie, Vice-Mayor Hassenzahl and Sergeant Henry Frisch.

A car was stopped at Collingwood and Ashland and the mayor with his party boarded it. The mayor tendered his 3 cents as did all others, but just at that moment Henry L. Doherty appeared at the rear door of the pay-enter car and paid the full fare for the whole crowd.

"YOU ARE ALL MY GUESTS"

"You are all my guests. Step right in and sit down, I will pay the fares," said Mr. Doherty.

The Rail-Light chief appeared so suddenly that he surprised the entire crowd.

"I see you are right on the job," said Mayor Keller. "But we want to ride for 3 cents."

"I beseech you to accept my hospitality," replied Mr. Doherty, and he tendered the conductor a dollar bill from which the fares were taken.

Foiled in his first attempt to make a test, Mayor Keller announced that he would take another car. This was agreed to by all newspaper men present and the party left the car at Twenty-first Street and Adams. Another car approached from the east, so the crowd, led by Mayor Keller, boarded this one.

No sooner had the chief executive tendered his 3 cents on the second car than there appeared one Henry L. Doherty with his dollar bill ready and willing to again pay the fares of the entire party. His second appearance was even more of a surprise than the first and the mayor has not yet figured out how Mr. Doherty happened to be on both cars at almost the same time.

"I beg you to allow me to pay the fare this time," said Mr. Doherty.

"We take off our hats to you," replied the mayor.

Mr. Doherty paid the fare and the mayor's party, now quite outwitted by the New York man, passed through the car amid the laughter of those passengers who were familiar with the joke.

The mayor decided that he would not be entirely outdone by Mr. Doherty, so he again left the car near Ashland Avenue and boarding his automobile, which had followed the car, gave Mr. Doherty the slip.

The mayor's machine speeded over to Monroe Street, where a short belt car going to the barns was stopped. The car was crowded with passengers and the mayor's party had to stand on the rear platform. When the conductor asked for fares each one tendered 3 cents.

"CAN'T TAKE IT"

"Can't take it," said the conductor, No. 96. "But just step in the car and sit down."

All members of the party rode several blocks and passengers on the rear platform said that the conductor would carry all persons free who tendered 3 cents.

The mayor left the car after riding several blocks and returned to his office.

"Well, we got even more than we expected," said the mayor, after learning that the car patrons could ride free. "We only

asked for 3-cent fares, but now the people of Toledo are riding for nothing. It is a clever move on the part of the Rail-Light.

GLAD THERE WAS NO TROUBLE

"I am glad there was no trouble any place. We did not think there would be. The people are not unfriendly to the present management of the Rail-Light, but they were disgusted with the way the company dealt with them in years past."

If some have talents either as writers or as talkers, they find that the shortest road to popularity is to misuse their talents by filling the working people's minds with fancied wrongs.

HENRY L. DOHERTY.

Mr. Doherty was spending practically all his time in Toledo, and his unheard-of attitude—letting people ride for nothing if they wanted to—made him the man of the hour. He had put Toledo on the map in a way which she had never before experienced. The free-ride story was carried to all parts of the world. In the "Blade," of March 30, 1914, the following sketch was published:



UST to show the committee his early training and that all Toledo newspaper men booted a good, human interest story last Saturday morning while he and Mayor Keller were doing their hide and seek stunt, Doherty came through with this one:

"It was shortly after Mayor Keller boarded the first Long Belt car. We stood facing each other, a smile upon our lips. The conductor noticed three pennies on the floor. He picked them up and held them out towards the mayor's party. "Some one dopped his fare," said the conductor. One man put out his hand when another spoke up: "Ah, cut your kiddin'; it's mine." The conductor looked from one to the other. Then with "Oh, I'll just take them home to the baby," he dropped the money into his pocket. I couldn't sleep that night for thinking of that conductor and those three pennies."

"The world lost a mighty good newspaper man when it made a capitalist of you," a reporter said, addressing Doherty. And that brought the story of how Doherty came to be a reporter.

"I can't remember when I earned my first dollar," he said "I carried newspapers in Columbus when I was only big enough to walk. Then I made money on the side by mowing lawns in summer and sweeping snow in the winter. I always made enough extra to pay my brother, four years older than myself, to do my part of the family chores. And that brother now is a farmer living down in Scioto County, Ohio."

Doherty's description of his newspaper work was sidesplitting, excepting to those who turned back memory's pages to find the same thing. "Yes, I carried papers at first. Then I became the office devil—man of all work. I set type, washed the forms and press and folded papers, then went out and carried a route.

The Times got in a bad financial way. All the reporters left. Then, when the fire bell would ring, the editor would send Henry out to cover it. I would come back with the story and this is what usually happened:

"Where was the fire?"

"Dunson's lumber yard."

"How bad was it?"

"Total loss, I guess."

"I mean, what was the monetary loss?"

"Don't know."

"See here, young man what the——did I send you out for?"

"And so I learned to get all the details—to develop my nose for news. It was good training: for now I have a remarkable memory, and I know how to ask leading questions on everything that concerns me or my business. If you don't believe that, ask Tom Tracy."

We have not reached the commercial age, and I predict that within five years the members of our association will almost lose sight of engineering matters in their eagerness to increase their sales. Our earnings through economy of operation have well defined limits, but the possibilities of increasing our earnings by developing our market have a much wider range.

—HENRY L. DOHERTY.

There had been constant agitation for municipal ownership of the street railway for years, and Mr. Doherty offered to discuss this phase of the situation at any time. He was refused an opportunity to speak at a municipal ownership meeting, and therefore conducted a meeting of his own next night. As reported in the "Blade," of March 30, 1914:



ANSWERING the advocates of municipal ownership, in whose meeting Friday night he was denied a chance to speak, Henry L. Doherty, head of the operating company in control of the Rail-Light, made the statement in his public speech at Memorial Hall Saturday night that he is willing to have a clause in the company's franchise to permit the city to take over the system at any time.

"If municipal ownership is what you want, let the city take the street railway system by condemnation now," he said. "And if the city is not ready now let it provide the way now for taking the lines over later. We will not put a straw in the way. Otherwise give us a fair rate of fare and I promise to give the best street railway system in the United States."

APPLAUD DOHERTY

Doherty had a big audience and he held it in close attention for an hour and a half. Many times he was roundly applauded. Memorial Hall, with a capacity of about 1,200, was packed to the doors with persons turned out for the first occasion in Toledo when the head of a public service corporation hired a hall to talk to the public on matters of difference.

The point which Doherty sought chiefly to drive home was that the main issue is that of service rather than cheap fare.

Some of Doherty's statements follow:

"If we accepted 3-cent fares it would mean the signing of our death warrant as to bankruptcy, and it is up to us to say that we cannot do it. We are willing to try it out if there is provision made by the city so it will lead to something besides bankruptcy."

"We are asking nothing for the company except a fair deal. We are not begging for the stockholders, but why should you go out of your way to hurt them, for they bought stock in the company in good faith and because they believed in Toledo?"

"If the city wants municipal ownership we are willing that it condemn our property now, and if it cannot take the system over now, put a clause in the franchise to buy it later. We won't lay one straw in the road of such action."

"If we get the franchise we want to get it on merit. We welcome investigation, for we do not want any dark alley methods."

"We have been blamed for appealing to the court to try to get away from the Schreiber ordinance, but it has been done to get away from the impossible conditions imposed by the ordinance and there should be no blame for that."

"In your anxiety to get 3-cent fares I hope you do not get to be a 3-cent city. If you will cooperate on the fare rate we will give you the best street railway system in the United States. That lowest rates means best service is an idle dream of an idle dreamer."

Low rates do not compensate for poor service.

—HENRY L. DOHERTY.

On March 30, 1914, Judge Killits, of the Federal District Court, rendered the following opinion and memorandum on motions for a temporary injunction against the enforcement of the Schreiber ordinance:



HIS case was begun in January as a proceeding to secure the status of the judgment claim of the complainant, the partnership of Henry L. Doherty & Company, against the defendant, The Toledo Railways & Light Company, which claim was collectible only, if at all, out of the equity of the defendant Company in its properties in the City of Toledo, and subordinate to the mortgage liens covering such properties.

The principal relief demanded of the court was the appointment of a receiver, and, incidental thereto, it was asked that the court enjoin and make such other necessary orders as would insure the unimpairment of the equity of the Company.

It is probably true that in this sense the affairs of The Toledo Railways & Light Company, including its properties and rights of all kinds, were brought into the custody of this court, and that we have constructive possession of the Company's affairs, to ripen into actual possession in case a receiver is appointed.

The character of our constructive possession is to be determined by reference to the power of the court invoked to ripen the constructive possession into an actuality. It is plain that if the demand is not

pressed upon the court to appoint receivers, the possession which it is claimed the court now has of the affairs of the Company is a mere legal figment, and that it cannot be maintained that such figurative possession is exclusive, if the situation is used merely for the purpose of pursuing reliefs asked for which are merely ancillary to the apparent primary ground of action, to which alone the court's power of possession may be referred. As the formal application for a receivership is not yet pressed, it follows that demand for injunctive relief is merely a proceeding *in personam* and that the court ought at this time to consider its relation to the property of the Company in precisely the same light as if no relief had originally been demanded of the court other than an injunction.

Stripped of the verbiage which the practice still insists shall characterize the pleadings in a Federal equity case, the naked issue for the court now to decide is, in its last analysis, this: May The Toledo Railways & Light Company enjoin the enforcement of two ordinances of the City Council passed, respectively, July 26, 1911, and November 24, 1913, and intended in each instance to prescribe terms upon which the Company may occupy streets now claimed by the city to be free from franchises previously enjoyed by the company?

The bill attempts to confer jurisdiction in this court by involving parties of diverse citizenship, because the complainant as a judgment creditor of the Company is non-resident in the district. By supplement and amendment a second ground of jurisdiction in this court is attempted, in the insistence that the enforcement of these ordinances would impair the contractual rights of the Company in the use of the streets and that it would be a taking of the Company's property without due process of law, and that therefore the guarantees of the Federal constitution are violated.

We do not deem it necessary at this time to discuss the several objections so strenuously urged against the court's jurisdiction by the defendant, the City of Toledo, the principal one being that the City could not be made a proper party to the case, either as it was planted or as it is affected by subsequent attempts to amend and supplement the pleadings.

The objection to the court's jurisdiction made by the City is both to the subject matter and to the parties, and if the relief sought is one which the facts pleaded do not justify, jurisdiction is absent without reference to the alleged vagaries of the practice followed.

It is clear that the complainant creditor, Doherty & Company, has no relief against the City which its debtor, the Company, might not claim; wherefore the ultimate question is as the court puts it above, and the answer is the same whether the attempt at relief be had in this court or a State court.

The complainant and the defendant Company are at odds in their respective pleadings in this case on but one thing, and that is the question whether "at the present time the only franchises or grants which in

connection with other franchises and grants give to the defendant the right to operate its present street railway system and property in the City of Toledo as a complete railway system are certain franchises which will expire by limitation on the 27th day of March, 1914," the Company claiming that certain of its franchises which otherwise would be now expired and which in their extent are sufficient to give it, in connection with admittedly unexpired rights, a complete system, were extended to October 19, 1915, by virtue of certain provisions for passenger transfers with its predecessors in title, written as conditions to the Ironville franchise of October, 1890.

We find little difficulty in deciding this question adversely to the Company. The Collins grant did not extend any franchise held by The Toledo Consolidated Street Railway Company, in our opinion. To so claim is to ignore the binding force of the decision of Cleveland Electric Railway Company vs. Cleveland, and Forest City Railway Company, 204 U. S., 116, upholding the decision of Judge Tayler in the same case, reported 137 Fed. Rep., 111. One cannot read the Supreme Court decision without discovering that it is on all points thoroughly in accord with the views of Judge Tayler.

For the purposes of the question before us, the facts in the two cases are substantially the same. Changing names and descriptions only, the statement of the third ground of complaint of the Cleveland company as made by Judge Tayler in his opinion (p. 117) would be good here, and every word of his argument denying its validity, found on page 121, and his subsequent pointing out of the omission in the title of the ordinance relied upon for an extension to indicate such an object, is fatal to the claim, having reference to the Ohio requirement that the subject of an ordinance "shall be clearly expressed in its title, and is equally decisive against the claim of the Company here."

The title of the Collins ordinance is "To grant to William A. Collins, Trustee, his successors and assigns, the right to construct, maintain and operate a double-track standard gauge extension of the authorized line of street railway from Front Street, along Bridge Street, the bridge over the Maumee River, Cherry Street to Summit Street, to Monroe Street, and to authorize the transfer by said trustee of his rights and franchises." To insist that a provision in an ordinance so entitled for mutual transfers with an independent and extensive street car system will operate to extend the franchises of such older and larger system for a period beyond that limited by the statute under which such franchises were granted originally is, as Judge Tayler said, "to surely do violence to the letter and spirit and perhaps to the legal requirement" respecting title, and such a claim, to paraphrase his language, can be justified neither on the ground of reason nor of propriety.

In this same case Judge Tayler, page 117 of the opinion, states as a second ground of the company's complaint this—which is precisely that advanced to this court in the instant case—"that by reason of the consolidation of the companies and the creation of a 'system' over which

there is a right to ride for one fare for continuous passage, however long, with certain transfer rights, the system must be considered as a unit, with a period of expiration fixed at the date of the last expiring franchise." His answer denying the validity of the claim is, in part:

"It is true that with a system, insofar as it is essential that all of its constituent parts should be unified, the right to operate it and all of its parts ought to be co-determinate: but two observations conclusively answer the contention of the complainant: First, that, if there is any control over the life of the system and of its parts, it is the life of the system which must control the life of the parts, not the part the system; second, it is far from the truth that, physically or practically or legally, any one part of the system is essential to the operation and life of the system."

It also may be cogently urged as a reason for denying the claim that if the life of any constituent franchise is to be considered extended to the expiration of any other franchise whose enjoyment is necessary to the system, then we have not only the doctrine of extension of franchise by implication in the most mischievous form possible, but, as the owner of the system would have the power to co-ordinate the units thereof to meet his idea of convenience and economy of operation, he would gain an opportunity thereby to completely avoid the public will expressed in the Council's legislation, by maintaining, as is actually insisted in the case before us, that his contractual rights were to be impaired in violation of his constitutional guarantees, because in the loss through expiration of one franchise he could not as fully as before use another. To illustrate, the clear logic of the claim would extend every franchise to which the Central Avenue barns may be a necessary appurtenant to the defendant Company's economy, until the Central Avenue franchise had expired.

Judge Tayler says, discussing these questions:

"Restrictions are vain if the checks put upon the methods of municipal legislation are not to be respected when they deal with fundamental rights. The rule that obligations arise or rights are granted by mere implication depends upon the nature of the parties, and the character of the obligations and rights. It is a very easy thing for a man competent to contract to have his rights determined by the just implications from his acts. He may find himself parting possession with his property even when he did not intend to do so. But this is all but impossible with a municipal corporation. Indeed, a municipal corporation, through its council or officers, may sometimes make strenuous efforts to part with its property or with public rights, and fail in the effort. . . . But to say that a municipal corporation, the delegate of sovereignty, has parted with one of the powers of sovereignty by implication, is to assume that which, while not impossible, can only be supported by the strongest proof, and by an implication so cogent as to be quite as impressive and conclusive as if the grant had been made in express terms."

(Citing authorities.)

So we do not regard the questions before us as at all complicated by the fact that the Company still owns franchises in various parts of the city which become mere shreds capable of little use if the lines affected by the expirations may not be used to connect them in a system. This contingency is just that which was involved from the beginning in

their grants, and were conditions *in futuro* of those contracts as they are now conditions of fact.

In this connection it is also urged that the rights enjoyed by the company which the court has conceded, to use the streets day by day until ejected and to salvage its property, are contractual rights, because they are residual rights acquired under the contracts now expired, and as such they cannot be impaired by any action of the City without a violation of the constitutional guarantee. Undoubtedly that position is correct, but it has little force on the question we are to decide, for the reason that these residual rights, although contractual, are affected and were created by and under the dominant right of the City to require their exercise under reasonable restrictions.

Before attempting an answer to the question, it is well to consider briefly the position of the Company, its opportunities and responsibilities as a carrier for hire, occupying the streets without grant of right. The statement hitherto made by the court is too long to repeat in full, but it is not open to modification. It may be briefed in these words: *That the Company may run its cars day by day without the City's consent and charge fare because its service is a public necessity; it may charge a rate that will pay its expenses of operation, including proper maintenance charges, and a fair return for the use of its investment.* Out of any revenues which may remain it must compensate the City for the use of the streets, if the City demands. The City, through the Council, may impose terms for this temporary use, which are binding upon the Company only when they are reasonable, having regard to the circumstances peculiar to the local situation, but the City may at any time summarily deprive the Company of the use of the streets except to salvage its property, and the Company may stop its cars at any time if it deems such course profitable to it. This statement is an epitome of the latest authorities, of which *City of Detroit vs. Detroit United Railways*, decided by the Supreme Court of Michigan, Oct. 1, 1912, 137 N. W., 645, is one of the most comprehensive.

The failure of the City to prescribe terms for a day by day use, or the failure of the City's attempt at terms because of unreasonableness, will not operate to continue the terms of the expired franchises. The use is under terms which have no relation to those of the expired franchises. Since midnight of last Friday the Company has been using the streets under just as legally effective obligations to the City of Toledo and of the same extent and character as though they had been written in an ordinance accepted by it. The only advantage inherent in having the terms formulated in an ordinance is the advantage which a definite contract has over an implied contract.

With this view of the position the parties occupy toward each other, we look at the ordinances whose enforcement we are asked to enjoin. It is entirely clear that each of them deals with proper matters of regulation, and that neither of them is, on the face of things, unreasonable, except that provision of section 3 of the ordinance of November 24, 1913,

which reads: "And the continuing by said Company of the operation of its cars on lines covered by said franchises expiring March 27, 1914, shall be deemed an acceptance of this ordinance and all the terms hereof." That part of the ordinance is so much waste of verbiage.

It must be borne in mind that the Council is dealing with a corporation engaged in providing a paramount necessity to the City, and the City's power is not to impose any terms, but reasonable terms, upon a use by the Company of the public streets for transportation purposes. What the people of the City on Saturday needed and had to have, if the City was to continue its prosperity and its people enjoy the conveniences to which they are entitled, was the transportation it had on Friday. While it is the Council's function to suggest terms, it is likewise the Company's right to question their reasonableness, and that right cannot be denied it. The Council imposes terms in the interest of the public; the Company likewise serves the public, and the insistence that the Company shall lose its right to question the reasonableness of the conditions imposed upon it in the assumed interest of the public, because it serves the public, is intolerable. All the Company needed to do to avoid this much of the ordinance, it did months ago, when it notified the City in writing that the ordinance was not and would not be accepted. Thereafter the provision quoted above became as if never written. (Detroit vs. Detroit United Railways, supra.)

Each ordinance contains substantially this provision:

"In case the Toledo Railways & Light Company refuses or fails to comply with the terms of this ordinance promptly and according to the tenor or effect thereof, then the City Solicitor be and he is hereby authorized and directed to take such legal action as may be proper and necessary to enforce the provisions of this ordinance, or require the Company to abandon the streets covered by the franchises above mentioned."

In other words, the ordinance provides a method of enforcement, and it follows that, having made such provision, no other method than the one prescribed is possible without further legislation. What, in effect, then, this court is asked to do is to enjoin the City Solicitor from going into a court for an order to compel the Company to obey either of these ordinances. If we should assume that duty, the first inquiry of fact confronting this court would be: Are the terms of the ordinances, respectively, reasonable? If so, neither complainant nor defendant Company is entitled to the court's countenance. *If the City Solicitor asks the court he enters to order the ordinances obeyed, the first inquiry of fact confronting that court is the same as here, and only as that court finds the ordinances, respectively, reasonable, does the Company lose its defense.* We must assume that the court which is asked by the City Solicitor to control the Company will adjudge the issue involving the same facts and the same law precisely as this court would. In fact, the Company's case for defense would be at least as broad and as complete as here it has a case for offense.

What we are asked to do, therefore, is to restrain the beginning of an action which has as its original purpose a testing of the reasonable-

ness of these ordinances, and the ground of the demand upon us is that they are unreasonable. This statement suggests its own answer. The extraordinary power of this court to grant injunctive relief may be exercised only when it is shown that the complainant will otherwise suffer substantial and irreparable injury, to meet which he has no other adequate remedy. In our judgment, the Company, and the complainant through the Company, have a remedy as broad, as complete, and as effective to protect them, given to them by the law and the very ordinances which are under attack, as any relief which this court could grant by injunction. *Nor is the other condition for injunctive relief present here, for we have not been shown any irreparable injury which will accrue to the Company if this court refuses to command the City Solicitor not to test the reasonableness of these ordinance regulations in a court of his choosing.*

We are not ignoring the cases of *Detroit vs. Detroit Citizens' Street Railroad Co.*, 184 U. S., 369, and *Cleveland vs. Cleveland City Railroad Co.*, 194 U. S., 517. These cases are useful in that they assert the right of this court to grant injunctive relief only where the facts are entirely analogous. The following language in the opinion of the former case is significant:

"Bearing in mind that the answer does not set up any defense of the lack of jurisdiction of a court of equity over the subject matter, and does not insist that there is an adequate and plain remedy at law (and no such objection has been taken at any time, and has not been insisted upon before us), we do not feel compelled, under the peculiar circumstances of the case, to ourselves take notice of it. . . . We do not mean to assert that in all cases of this nature, involving simply the validity of a subsequent ordinance or law, a court of equity would be the proper forum, but confine our decision to the special facts of this case, including the fact that no objection has been taken to the jurisdiction of the court at any stage of the litigation, and is not now raised by any party to the same."

As these two cases stand in precisely the same classification, and the *Cleveland* case but follows the *Detroit* case because the facts are similar, we assume that if they have any importance at all in the instant case, it is to warn this court not to undertake jurisdiction until it has found a case substantially similar to them. Not only is this case clearly distinguishable from those cases in the fact that here is a sharp challenge of the court's jurisdiction and a persistent and well-founded insistence that the complainant has an adequate remedy other than by injunction, in that the Company may resist the enforcement by legal procedure of the ordinances on the same grounds that it now attempts injunctive relief upon, but in each of those cases the City was endeavoring by ordinance to directly impair the validity of franchises not yet expired, a situation which does not obtain in the case before us. To illustrate the difference between these cases on the one hand and the case at bar on the other, a similarity would arise only if the City Council should have passed an ordinance directly requiring the Ironville line, whose franchise has eighteen months yet to run, to carry passengers for less than five cents,

that being the rate provided by the franchise. An ordinance of that character would give rise to the identical situation which was decided in the Cleveland and Detroit cases referred to, but no such proposition is involved here. The ordinances under attack mean no more than that the Company, if it wants to use the streets on which it has no rights, must as compensation therefor, reduce the rates of fare on those streets on which its rights still exist. The Company may decline these terms and enjoy its unexpired grants unimpaired by any provision of the ordinances under attack.

If these ordinances are unreasonable exactions, they are as if they never had been passed by the Council, and the Company is not affected by their presence on the ordinance books. It may continue to operate its cars until the City ejects it, without reference to them. They are not self-enforcing. We could give the Company no safeguard by an order of injunction which is at all necessary to it if these ordinances are unreasonable, for it may ignore them with impunity up to the entry of an order respecting them made by a court whose power the City Solicitor may invoke under the ordinances themselves, and when that order is entered, the Company will be in precisely the same position it would be in if this court should undertake to pass upon the force and effect of the ordinances. All we can see the complainant or the Company could hope to gain by an order from this court enjoining the City Solicitor from enjoining the duty imposed upon him by the ordinances would be the moral effect of a judgment that the ordinances were unreasonable. While an early solution of this contention is highly desirable, we cannot agree that that fact is a sufficient ground for injunctive relief.

We notice last the insistence that an injunction is necessary to prevent a multiplicity of suits and the confusion that might ensue because of the popular belief that a right exists to ride for a three-cent fare. We have given this question considerable attention, and are unable to see how such a situation could be met by any order this court might make. Its order would be against the representatives of the City only, and could not run against individual citizens, unless the court should completely take into its possession the street railroad system. Our order, therefore, would have but moral force, if any, against those disposed to take advantage of the ordinance on their individual accounts, and would not reach the dignity of a prevention. *The fear also takes no account of the obvious duty of the peace officers of the City to protect the Company in its rights until the ordinance which it questions is tested and determined.*

Toledo, O., March 30, 1914.

JOHN M. KILLITS,
Judge.

We are still living in an age of intolerance of opinion
and intemperance of speech.

—HENRY L. DOHERTY.

Interpreting the Killits opinion, Mr. Doherty wrote the following letter as a matter of record.

Toledo, Ohio, March 30, 1914.



HONORABLE MAYOR and Council of the City of Toledo:

We understand Judge Killits' decision, just rendered, to hold as follows:

1. The Toledo Railways & Light Company, by operating its cars after March 27, 1914, does not thereby accept the terms of that ordinance.

2. The Schreiber ordinance will not go into effect until a court of competent jurisdiction has declared that three-cent fares and \$250 a day rental for the use of the streets are reasonable.

3. That the city has the right to order the Toledo Railways & Light Company to cease operations of its street cars at any time upon the streets of the city.

4. The Toledo Railways & Light Company has the right at any time to cease the operation of its street cars upon the streets of the City of Toledo.

5. That it is the duty of the city authorities to see that the company, so long as it operates its cars upon the streets of the city, with the consent of the city, shall be protected and assisted in the performance of its duties.

With these propositions before us, it seems to us of vital importance that the company be permitted to receive the rates of fare which prevailed prior to March 27, 1914.

Our experience is demonstrating that the citizens of Toledo, as they come to understand the situation, are willing to continue to pay the above rates of fare.

The number of passengers insisting on riding at a three-cent rate, and who were consequently carried free on Monday, were fewer than those on Saturday, and we have every reason to believe that the people will be entirely satisfied to allow our present rates of fare to continue until a franchise agreement is reached.

We earnestly and respectfully request that the above propositions of Judge Killits' decision be concurred in by your Honorable Body, and that proper protection be given this company

to enable it to collect the same rates of fare as collected by it prior to March 27, 1914. We assure you that we will make no appeal for protection at present, for we have been given an excellent demonstration of the fact that the Toledo public are inclined to be fair, and we believe that simply by moral effort practically all of the people of Toledo will gladly pay this fare, and thus avoid unnecessary annoyance. In this matter as in all others we want to do everything we can to deserve and earn public good-will.

Very respectfully yours,

THE TOLEDO RAILWAYS & LIGHT COMPANY,

It is awfully unpleasant to wake up and find some one has made a sucker of you, but I would sooner be a sucker one hundred times than to misjudge any one who wants to be my friend.

—HENRY L. DOHERTY.

Mr. Doherty was at no time unwilling to try the three-cent fare, even though he was convinced that it was confiscatory. He expressed himself always as ready to give it a trial and abide by the results of the demonstration if the City would agree to do the same. This the City would not do. The "Blade" of March 31, 1914, tells of a conference with the Franchise Committee of the City Council:



PLAN to give 3-cent fare a long trial, developing an ideal street railway system and fix the rate of fare every five years was laid before the franchise committee of council by Henry L. Doherty when negotiations were resumed Tuesday morning between the committee and the representatives of the Rail-Light.

The plan, embodying concessions which surprised the committee, was broached just before the committee recessed at noon and was not given consideration at that time. The negotiations were continued in an afternoon session, beginning at 2 o'clock.

Doherty said that under his plan a simple one page franchise could be agreed upon, taking the street railway out of politics. He said:

"If we could agree on the franchise as to form we could adopt a 3-cent fare. Leaving it to the city to say whether we

shall put it into effect now or when we have put in the improvements to enable us to do so properly. I do not think that 3-cent fare can be tried out in a short period. It should have a long trial. I don't care now to discuss the time.

"During that period, if the city cares to spend the money, let it bring in some independent experts to lay out an ideal street railway system. Then we would work toward that system. After a thorough trial the fare would be definitely fixed, and afterwards it could be fixed, say, every five years."

THREE MONTHS TO YEAR

Later Doherty said that the trial of 3-cent fare should be not less than three months nor more than a year. It would be better, he said, to put it into effect after the company has put in uniform pay-enter cars, and provided the equipment to handle the traffic.

PROPOSES IDEAL SYSTEM

"With a franchise of that kind I think that we would have no difficulty in getting the money to develop the ideal system in short order and give 3-cent fare a complete trial. As it is the street railway system itself has no credit. If we can reestablish the company's credit we can work out a comprehensive scheme of financing."

Whenever we are abused we think of the baseball umpire of 20 years ago.

—HENRY L. DOHERTY.

The problem of keeping the employes in line, of saving them from natural displays of temper in the face of taunts from fresh passengers, occupied much of Mr. Doherty's time. How he did it is told in the "Times" of April 1, 1914:



BE good natured. Be courteous. Keep Smiling."

Such was the meat of three rapid talks given by Henry L. Doherty before a large number of his employes at various meetings held Tuesday.

Although he had been working all of Monday and Monday night up until 4 A. M. Tuesday morning he was up at 8 o'clock Tuesday working incessantly up to 5 o'clock when he talked to the members of the new business department of the company. This meeting lasted until 6:30

o'clock and he had to leave for the Central Avenue barns by seven.

Mr. Doherty was anxious to meet with the men who ran the cars and find out from them exactly what was in the minds of the Toledo people.

"Neither Mr. Coates nor myself can possibly meet all the patrons who ride on our cars," he said. "The company is largely judged by the action of you men and we wish to hear from you exactly your experiences on the cars and we wish to tell you exactly how we wish you to handle the situation.

"Under the recent decision of Federal Court the three cent ordinance cannot be enforced unless its reasonableness is tried out by a court of competent jurisdiction. In the meantime we have the legal right to either stop our cars or charge a rate of fare that will pay the maintenance of our property.

"I realize that there will be people get on your cars and endeavor to humiliate and provoke you. We want you to remember at all times to treat every one in a way that will make them friendly to the company. Remember that honey will catch more flies than vinegar. Keep good natured above all. Explain as forcibly as you can that no one has the legal or moral right to expect to ride for three cents until the courts have determined that such a fare is a reasonable one but if they persist in their attempt to ride for such a fare do not attempt to anger them and keep smiling if you can.

UP TO CONDUCTORS

"We are leaving it up to the good judgment of you men. So far you have not failed us. You have gone through some very trying circumstances and have made thousands of additional friends for the company. We believe we will win because we believe our cause is just and we want you to remember that you are the men on whom the public look and we hope that the responsibility thus placed on you will continue to yield as good results in the next few days as it has since Friday night."

Many instances were told where people had ridden part way for nothing and then when they got off quietly slipped the correct fare to the conductor so ashamed were they to ride on the cars for nothing.

From Central Avenue the party of officials went to Starr Avenue barns where another rousing meeting was held. Mr.

Doherty voicing in no uncertain language his belief in the spirit of fair play that he has everywhere seen manifested in Toledo.

Put charity through the assayer's laboratory and you will find that ninety-five per cent. of it is self-aggrandizement and five per cent. genuine milk of human kindness.

—HENRY L. DOHERTY.

The "Blade" of April 1, 1914, also ran a story on Mr. Doherty's conferences with the men who ran the cars in these trying days:



IN his talks to the men, Doherty emphasized the necessity of conducting themselves so as to win the good will of the public. He said:

"The people have no legal or moral right to ride free or for 3 cents outside of 3-cent hours. We wish to have that fact courteously explained to them. We have heard some complaint that conductors had called patrons 'cheap skates.' That will not do, if true. We are doing everything in our power and suffering great loss in revenue to win the public good will. While we want you to argue against persons insisting on 3-cent fare, we do not want you to argue offensively.

"The good will depends primarily on the conductors. They are the representatives of the company who come in direct contact with the people.

TRUSTEE FOR ALL

"There are three classes interested in this matter—the public, the owners and the employes. My position is more or less that of a trustee for all three classes. I do not intend that the public shall take everything from the stockholders and employes, nor do I intend that the stockholders shall take everything from the public and employes. I stand for a square deal for all three."

Conductors told Doherty their side of the story. They said that many persons made a studied insult of the matter of insisting on 3-cent fare. Several instances were related of patrons throwing the three pennies at the conductors, and one of them said that circumstances were a strain on his temper.

The conductors' experience meeting was not without its humorous features. One conductor said that a man, accom-

panied by a little girl, offered him 3 cents and met with the customary refusal. The little girl said:

"Papa, give me my three pennies, so I can put them back in my bank."

The lesson the company officials drew was that the children had better guard their banks these days.

The Golden Rule seldom seems to be the most profitable when applied to any one particular case, but it is not only the Golden Rule but also the most Profitable Rule when applied throughout life's work.

—HENRY L. DOHERTY.

In the "Times" of April 5, 1914, an open letter to the people of Toledo from Mr. Doherty was published. It is so clear in its statement of the situation that no explanation of the events leading up to it are necessary. It said:



O the People of Toledo:

City Solicitor Thurstin has issued a statement charging that I have misinterpreted the decision of Judge Killits, in that I said that the court holds that the 3-cent fare ordinance cannot be effective until its reasonableness has been tested by the court.

I am sorry this statement was not made sooner and in a more appropriate manner. Before making any statement to the public I presented my statement to the city officials. Immediately upon receiving a copy of Judge Killits' opinion, which came into my hands about 6 o'clock on Monday evening, I prepared a clear and careful statement addressed to the mayor and the city council, which I then delivered in person while the council was in session, and remained to hear my statement read, which contained a request that the city should concur in the interpretation I made. Although two members of the city solicitor's staff were present, no objection was raised to the statement contained in my written communication. I also restated orally my position before some of the newspaper reporters and in the presence of another member of the city solicitor's staff, and no exception was taken to my statement at that time.

I again repeat here that Judge Killits says in his opinion rendered last Monday night that the so-called Schreiber ordinance is in no way binding upon the company without the company's acceptance until it has been determined as reasonable in a court of proper jurisdiction. I also reiterate that no court can determine whether the rate of fare is reasonable without securing proper testimony to determine whether the rate of fare prescribed will pay the operating expenses and maintenance, and therefore regardless of what the value of the property may be nothing would be left to represent a fair return on the property.

I also reiterate that no citizen of Toledo has either the legal or the moral right to ride on our cars for a 3-cent fare, except at the 3-cent hours.

CRYING FOR FAIR PLAY

The city solicitor also accuses me of "crying for fair play." I plead guilty to this charge. I am appealing to the citizens of Toledo for fair play, because I could not get it sooner elsewhere, and in my appeal for fair play I feel I am entitled to constructive support from every good citizen of Toledo.

Mr. Thurstin then attempts to fan prejudice by working in the almost universal popular error that capitalization has any bearing on the fixing of rates. No lawyer entitled to practice at the bar can possibly maintain that any court would take into consideration the capitalization of a public utility company in fixing its rates. The public can be excused for this error, but a lawyer cannot. Mr. Thurstin has heard me say repeatedly that I had nothing to do with the existing capitalization of the company, and that in any negotiations now on with the city capitalization should be neglected and the value of the property only considered, and when Mr. Thurstin tries to drag the matter of capitalization into this question he is simply trying to muddy the waters, and if any one doubts that this statement has been made to him clearly and repeatedly they need only seek the testimony of the other members of the franchise committee.

WANTS TRUE FACTS

I am doing everything I can to have the public know the true facts. Our company has already permitted auditors and accountants chosen by the city to make a full investigation of all our books, records and operating methods. This report has been

on file with the city for a number of months, but, according to the voluntary statement of one of the members of the city council, it has never been looked at. The head of the firm of auditors chosen by the city administration testified before Judge Killits that their investigation showed that for the period of their report the company could not have operated on a 3-cent fare and earned enough money to pay its operating expenses. In spite of the fact that the city already had a report to this effect we offered to permit the city to choose a commission, or a commissioner, to operate our property for any period they might choose up to six months' time to determine from our present existing rates of fare whether a 3-cent fare was possible. This offer was refused, and I am seriously in doubt whether there is any proposition, no matter how fair it might be, or rather, I might state, no matter how over fair to the city it might be or how unfair to us it might be, that the city officials would accept.

DENIES ACCUSATION

I am also accused of inciting our car men to abuse and insult the public. There is no reason for this charge. No such instructions have ever been given, and every street railway man in this city, except for a few absentees, can be called on the stand this morning and he will tell you that the only instructions he has received from me or from any other official of this company has been the exact opposite; that we have appealed to our men to treat the public courteously at all times.

The large percentage of the people of Toledo are paying their fares, and paying their fares willingly. They are expressing their commendation of the policy of the company.

HAVE MADE BAD MISTAKES

I have no criticism to pass on the city administration, except the fundamental criticism that they have made a bad mistake. As politicians seeking office, they pledged themselves to 3-cent fares without an investigation and now they seem to lack the moral courage to recede from a position which I am now convinced they all know is unfair and which is also untenable; and in the city solicitor's case I fear he is accentuating his mistake by trying to muddy the waters by the misstatement of facts and by dragging in matters intended to prejudice the people—matters which by common consent have been eliminated from our negotiations.

Judge Killits says in his opinion that "the company can run its cars day by day without the city's consent and charge fare because its service is a public necessity; it may charge a rate that will pay its expenses of operation, including proper maintenance charges, and a fair return for the use of its investment.

* * *

"If those ordinances are unreasonable exactions, they are as if they had never been passed by council, and the company is not affected by their presence on the ordinance books. It may continue to operate its cars until the city ejects it, without reference to them. They are not self enforcing. We could give the company no safeguard by an order of injunction, which is at all necessary to it if these ordinances are unreasonable, for it may ignore them with impunity up to the entry of an order respecting them made by a court whose power the city solicitor may invoke under the ordinances themselves, and when that order is entered, the company will be in precisely the same position it would be in if this court should undertake to pass upon the force and effect of the ordinances."

URGES CITIZENS' AID

Therefore, I urge every good citizen of Toledo, not primarily for our benefit, but for the benefit of the city, to assist in bringing about a speedy settlement of this matter, so that our credit will not be impaired and so that the officers of this company may devote themselves to the real transportation problems.

The city solicitor claims that I show great anxiety to be able to borrow more money for the company. I do, and for good reason. Whoever operates these public utilities in your city—whether under municipal or private ownership, and if private ownership, whether under my direction or the direction of someone else—must keep pace with the growth of the city.

If Toledo grows at no greater than the average rate of American cities, a sum of money equal to a million and a half dollars each year must be raised for the next twenty years for legitimate purchases of physical property.

If anybody can raise this money on practically a day-to-day lease, they can do better than I can, and I do not believe it is possible for anybody to do so. I suppose the first thought when this matter is presented is to say, "Well, why should we worry?" The people of Toledo should worry, because their city cannot

grow and prosper unless it has adequate transportation facilities.

Mr. Thurstin says, "We want the people of the United States to know that Toledo is a 3-cent town." I say, give us the opportunity and we will give Toledo as good a transportation system as can be found any place in the world. Which do you want?

Yours sincerely,

(Signed) HENRY L. DOHERTY.

There is nothing like coining your own ideas and plans and then carrying them out.

—HENRY L. DOHERTY.

To the Franchise Committee of the City Council, Mr. Doherty also made a proposition under date of April 5, 1914, saying:



O the Franchise Committee of the City of Toledo:

We hereby respectfully make the following outline proposition for street railway franchise in the City of Toledo:

We will frame and have ready to submit on or before April 10, 1914, an ordinance, which will provide:

1. For a franchise for a period of twenty-five years.
2. The city shall have the right of municipal ownership at any time on one year's notice.
3. City to control operation by ordinance.
4. Fares for the first year:
 - Five tickets for 15 cents, single fare 5 cents.
 - Children in arms free; under eight years 1 cent.
 - Council shall redetermine fare at expiration of first year and every five-year period thereafter.
5. The city may appoint a commissioner or commissioners to direct operation of street railway during the year, and have full access to the offices and books relating to the street railway system, and report to council so as to assist in arriving at equitable rate of fare.
6. City may also select experts to lay out ideal street railway system, the company to pay the expense thereof, not to exceed \$25,000.
7. Right to carry freight at night, under regulations, so as to be unobjectionable.

8. Rates of fare prior to March 27 to continue until ordinance goes into effect.

We believe that this offer is over liberal to the city. We are making it only for the purpose of bringing an immediate settlement to the situation that we fear may otherwise become so badly tangled that it would be more difficult at any later date to adjust. The proposition is a voluntary one on our part and we submit it only with the distinct understanding that we shall have the right to withdraw it without prejudice to any future negotiations, if not accepted within a reasonable time and that the same cannot be used against us in any litigation.

Yours respectfully,

THE TOLEDO RAILWAYS AND LIGHT COMPANY.

By HENRY L. DOHERTY, Chairman of the Board.

Nature was unkind to me in some ways, but I didn't get cheated in either optimism or humor.

—HENRY L. DOHERTY.

Following the refusal of the Company to eject passengers who failed to pay the Company's established rate of fare, Mr. Doherty published the following advertisement discussing the opinion of Judge Killits:

TO THE PEOPLE OF TOLEDO:



T has been charged that I have misinterpreted the decision of Judge Killits when I state that the court holds that the three-cent fare ordinance cannot be effective until its reasonableness has been tested by the court.

Last Monday evening I presented to council my interpretation of the decision in writing. I was there personally to answer any question or objection on the part of any one that I had not stated the case fairly. Although two members of the city solicitor's department were present no objection was raised.

The court held exactly as I have stated but I am perfectly willing to leave it to the sober judgment of fair minded men whether or not from a business standpoint alone it is square to

made a one sided contract and insist that it be carried out until there has been some evidence that its terms are possible of enforcement.

Despite the fact that the city's own examiners have reported and testified on the witness stand that a three cent fare in Toledo would not even pay operating expenses, NOT COUNTING AT ALL ANY CHARGES FOR INTEREST ON INVESTMENT, still the council without any discussion and with no evidence of any kind on which to base the ordinance, insist that we must operate under its terms.

I have repeatedly told the city that I would gladly give three cent fare a genuine trial and immediately, too, if the city on its part would meet us squarely on a business plane and provide some way for us to make up the loss that we know we will suffer. This the city has refused to do.

OFFER TO TURN PROPERTY TO CITY

I then offered to turn over the property to the city of Toledo for three months, six months or a year. The city could appoint one commissioner or three commissioners. They would have complete charge of the property, could count the cash, go over the books, O. K. all the bills, make any changes in schedules they saw fit, reroute the cars—in fact give complete orders to Mr. Coates so that in effect the city would be in absolute control of the company. At the end of the trial period agreed upon the city would have exact facts and figures on which to negotiate a franchise. I offered to bear the expense of the commissioners if the city would during the trial maintain the present rates of fare.

I AM PERFECTLY WILLING FOR THE CITIZENS OF TOLEDO TO JUDGE WHETHER OR NOT ANY PROPOSITION COULD BE FAIRER!

This proposition was turned down by the council. I then reminded the council committee that the administration was new, that none of the members were in office until January and that it would be impossible in the short time before March 27th to close up franchise negotiations AND ASKED TO POSTPONE THE THREE CENT ORDINANCE GOING INTO EFFECT FOR 30 OR 60 DAYS DURING OUR NEGOTIATIONS.

This proposition was also not considered although I reminded the committee that it had admitted that it had not even

read the report of the city's own accountants in which three cent fare was declared not to be possible in Toledo. We were simply told bluntly that nothing could be done or would be done—that we would have to accept the three cent fare ordinance and this in spite of the fact that the ordinance was passed by the old administration at the last moment and its enforcement purposely put over to the new administration to embarrass it if possible and TO KEEP THE FRANCHISE QUESTION IN CONTINUAL POLITICAL TURMOIL.

HAD RIGHT TO STOP CARS

With this ordinance attempted to be forced on us, we faced a serious situation. I know that we had a perfect right to stop our street cars. Since then the U. S. Court held that we have a perfect right to cease operation as no court will compel any company or any individual to do business at a loss.

I NEVER HAD ANY IDEA, HOWEVER, OF THUS INJURING THE PROSPERITY OF THE CITY OF TOLEDO. REALIZING THAT STREET CAR TRANSPORTATION IS ITS VERY LIFE, instead I proposed to keep every car running and to avoid any possible trouble I resolved to try the experiment of leaving to the honor of every rider whether or not he would pay the regular and just fare or ride for nothing.

In spite of the statements of the city solicitor that abuse and even violence has been used against passengers by our conductors, I am willing to leave to the people who are riding our cars the question as to whether our conductors have not acted with rare good judgment in a delicate situation, calling for the exercise of tact and diplomacy. Our instructions from the first to all our crews was to be courteous, polite and above all good natured, to use every fair means to collect fares but in no case to use any harsh or abusive language to any one.

It should not be made to appear that because a very few conductors out of an army of employes have been unable to control their tempers that all of them are attempting to browbeat the people of this city. These men have had insult after insult heaped upon them and they have almost universally responded most courteously and I have nothing but the warmest praise for the loyalty of my men and the excellent judgment they have used in presenting to their patrons a cause that was right and just.

The city solicitor says,

"WE WANT THE PEOPLE OF THE UNITED STATES TO KNOW THAT TOLEDO IS A THREE CENT TOWN."

I say,

"IF GIVEN THE OPPORTUNITY I WILL GIVE TOLEDO THE BEST STREET CAR SERVICE OF ANY CITY IN THE COUNTRY."

WHICH DO YOU WISH?

It must be apparent to every one from the almost overwhelming referendum vote being taken on the cars that Toledo believes in the doctrine of the Square Deal and insists that before a three cent fare ordinance is forced upon us that there shall at least be some investigation to see whether it is just.

Local conditions have everything to do with fare fixing. Because one rate of fare in vogue in one city is no reason why it would pay in another. Toledo is peculiar among the cities in that it is spread out on a wider area than any other city of its size.

London with a million and a half people in its down town business district is housed in only 19 square miles; Paris has nearly three million people in 31 square miles while TOLEDO WITH 180,000 HAS ALMOST 29 SQUARE MILES.

Glasgow with nearly five times the population of Toledo covers less ground and has but 109 miles of street car track while Toledo has 116. To come nearer home a comparative table of statistics of neighboring cities will be interesting to show that of all of them TOLEDO HAS MUCH LESS POPULATION PER SQUARE MILE.

Population, 1910 Census	Area in Square Miles, 1910 Census	Population Per Square Mile	Mile Single Track Per Square Mile of Area	Population Per Mile of Single Track
Toledo168,500	28	6,018	3.9	1,531
Columbus181,500	16	11,344	6.4	1,762
Detroit465,766	41	11,353	5.1	2,240
Cleveland560,663	45	12,459	5.3	2,327

With such facts and figures before you is it not manifestly unfair to attempt to force this company to operate at a loss simply and solely BECAUSE THE COUNCILMEN PLEDGED THEMSELVES TO THIS PRIOR TO ELECTION BUT SINCE THEN HAVE TAKEN OATH OF OFFICE TO REPRESENT THE WILL OF THEIR CONSTITUENTS?

This is being expressed in no uncertain way. When all but about 15 per cent of the car riders voluntarily pay the regular rates of fare when they know they can ride free is to me at least an expression on the people's part that we have their moral support and it is the strongest possible endorsement of the doctrine of the Square Deal that I am advocating.

My faith in the good judgment of the people has been strengthened during the past few days. At first even some of my associates doubted the wisdom of this most unique undertaking. I was firm in my belief, however, that the average man, whether or not he believes in the doctrine another is preaching, does believe explicitly in giving him a chance to explain his side of the case and I have never wavered in my desire to place the settlement of this franchise question into the hands of the people themselves.

All I can do is to come before Toledo with ALL THE CARDS ON THE TABLE and say,
LET'S PLAY THE GAME FAIR.

I cannot bring this to a satisfactory settlement for the people of Toledo and for our company without YOUR help.

If you believe in our doctrine of fair play help us to help you by enabling this company to render the best possible service and then only charge a fare COMMENSURATE WITH GOOD SERVICE.

HENRY L. DOHERTY.

There are some of us—and especially among the younger class—who refuse to be discouraged.

—HENRY L. DOHERTY.

Meanwhile, negotiations for a new franchise were going on, but were being delayed by the city authorities. Mr. Doherty protested against this delay in the following letter, dated April 10, 1914:



O the Honorable Members of the Franchise Committee:

Gentlemen—We note from the public press that a meeting of the committee will be held on Saturday at 2 o'clock p. m. As we have received no request to be present we assume that the meeting will be held along the line of our suggestion, that the com-

mittee consider our proposal without our being present. However, we wanted to tell you our understanding of what we thought the meeting Saturday was to be, so if you wanted us there you could give us notice.

We earnestly urge that, in framing any demands beyond those conceded in the tentative ordinance prepared by us, that the necessity which surrounds the situation be kept clearly in mind.

To demand impossibilities simply means deferring the time when a cooperative effort can be made by our company and the city administration to create the conditions which would give the people of Toledo the best possible street railway service at the lowest possible fare; and it also may possibly mean the loss of an opportunity which may not soon be present again.

To obtain a settlement of this matter will require the constructive effort of every man who has a voice in the negotiations. A demand on the part of the city, either as to fares or as to any other provision, beyond that which the conditions will warrant, simply defers or renders a settlement impossible. In other words, we cannot do more than that which is possible, nor could you do more if you were in our position; and a demand for the impossible, made either through lack of appreciation or by intent, acts only to prevent a permanent settlement and to keep the street railway situation in the position of being a source of continued political agitation. Therefore, we ask that when you are framing demands you consider this one question: Is it possible or reasonable for the street railway company to grant this concession?

We think we have already demonstrated to you that we will do all that is possible and, of course, beyond that we cannot go. Therefore, if your committee desires a settlement of this matter, concessions beyond the realm of possibilities should not be demanded, even though this is due to overzealousness, and not in any way made for the purpose of public applause or to prevent a settlement being reached.

Yours respectfully,

THE TOLEDO RAILWAYS AND LIGHT COMPANY.

By HENRY L. DOHERTY, Chairman of the Board.

The man who is willing to work only as hard as he has to is the first cousin to a bum. —HENRY L. DOHERTY.

Another letter, ten days later, protesting against further delays, shows the difficulties in the way of getting any action, favorable or unfavorable, on a settlement.

Toledo, Ohio, April 21, 1914.



ON. Carl H. Keller, Chairman of Franchise Committee, Toledo, Ohio.

Dear Sir:

We understand through the public press this afternoon that the franchise committee has decided to resume negotiations with The Toledo Railways & Light Company with reference to the franchise on next Friday, with the understanding that it will not be necessary to advertise for competitive bids.

We beg to call your attention to the fact that a great deal of needless delay is ensuing in these negotiations. We met with the committee on Monday afternoon, in the hope that we could continue the negotiations from day to day until either an agreement or a disagreement was finally reached.

The question naturally arises, if the question over the insertion or non-insertion of the single word "renewing" in the ordinance will cause a delay from Monday until Friday, nearly a working week, how long will it take to negotiate with reference to the entire ordinance?

The executive officers of the Company are compelled to neglect most important matters until after this franchise question is determined. The public at large, as well as this Company, are entitled to a fair and prompt determination of this question, and we earnestly request that if negotiations are to proceed, that the subject be taken up by the committee at the earliest possible moment. We would much prefer, if possible to do so, to resume negotiations tomorrow (Wednesday), and continue same without unnecessary intermissions until the question is decided.

Will you kindly advise us whether negotiations may not be taken up tomorrow, or in any event, not later than Thursday?

Yours respectfully,

THE TOLEDO RAILWAYS & LIGHT COMPANY.

The franchise was completed shortly after the sending of this letter and on May 4th copies were sent to every voter and put in all suitable public places, so that every citizen could study the draft and reach a decision on its merits. The franchise was prepared and submitted to the Franchise Committee by Alderman F. M. Dotson, a member of the committee. It was therefore known as the Dotson ordinance, and has always been known by this name to distinguish it from other franchises which were prepared from time to time by other individuals. The letter to the people follows:

Toledo, Ohio, May 4, 1914.



DEAR SIR:

If Toledo must grow and prosper, it must have an adequate transportation system, which will expand with the growth of the city.

Such a system can only be obtained by a speedy settlement of the street railroad problem.

The enclosed draft of an ordinance represents our proposition to the city.

We believe it is fair and liberal to the city and should receive the approval of all good citizens.

Please signify your approval of this proposition or send us your criticism of it, by filling in and signing the blank on the second page.

Your name will not be disclosed.

It is our wish to submit a proposition that will be acceptable to everybody, so please give us your approval or criticism.

Yours truly,

THE TOLEDO RAILWAYS & LIGHT COMPANY,

By Henry L. Doherty.

We talk a great deal about capital and talk a great deal about labor, but my experience has been that capital and labor are wonderful impotent by themselves. There must be that other element, the genius for business organization.

—HENRY L. DOHERTY

The distribution of the letter and franchise was exceedingly thorough. The pamphlet accompanying the letter contained a synopsis of the terms of the franchise in such form as to be clear to every citizen, followed by the complete franchise, word for word. Readers of the synopsis who desired to check it with the exact wording of the franchise were thereby able to check the two with the utmost ease. The franchise provided for a trial of three-cent fare, as well as giving the city full control over the service and arranging to have an entire new street railway system with betterments and extensions which would give the very best service. Students of franchises will find it of value to compare this rejected franchise with the one on page 232 of this volume, which was approved by the voters six years later by an overwhelming majority. The following is a copy of the Dotson ordinance as sent out in the company's pamphlet:

TENTATIVE DRAFT OF AN ORDINANCE



RENEWING, granting and extending to the Toledo Railways & Light Company, its successors and assigns, for a term of twenty-five years, its grants, rights, privileges and franchises to maintain and operate its system, tracks and lines of street railway upon the streets, avenues, public ways, places and parts thereof, hereinafter mentioned, in the City of Toledo, and prescribing the term and conditions thereof, including the rates of fare, regu-

lating transfers, providing for municipal ownership, terminating existing grants, and repealing provisions of any and all ordinances and resolutions, and parts of ordinances and resolutions inconsistent with the terms of this ordinance.

RECITALS.

BE IT ORDAINED by the council of the city of Toledo, state of Ohio, as follows:

WHEREAS, The Toledo Railways & Light Company, a corporation duly organized under the laws of the state of Ohio, hereinafter designated "Company," or "the Company," is the owner of and now engaged in operating certain lines of street railways in the city of Toledo, Ohio, being the lines heretofore owned and operated by it, and being the same lines mentioned in the title hereof; and

WHEREAS, said several lines of street railways owned by said Company are held and operated by it under the authority of ordinances and resolutions passed at various times and for various periods, and

containing various and inconsistent conditions as to the operation of lines of street railway thereunder, and so limiting the franchises thereunder granted that many thereof have heretofore expired, and others thereof expire at different dates, up to and including the year 19—; and

WHEREAS, in order to improve the service to be rendered by said Company, it is desired that the several lines of street railway now operated under separate and different franchise ordinances and resolutions, as well as those which are being operated where the franchises heretofore authorizing the same have expired, may be operated by said Company as one complete and entire system, thereby better accommodating the public, and facilitating the running of the cars of said Company; and

WHEREAS, it is desired that the franchise rights of said Company to maintain and operate its tracks and lines of street railway upon each and all of said several streets, avenues, public ways, places, and parts thereof, shall be made to expire at one and the same time; and

WHEREAS, it is desired that the burden to be borne by said Company, in the way of payment of cost of street cleaning, sprinkling, paving, and repairs upon the several streets, avenues, public ways, places, and parts thereof occupied by its lines shall be uniform; and

WHEREAS, the provisions of the existing ordinances and resolutions under which the said Company claims the right to maintain and operate its lines of street railway upon the several streets, avenues, public ways, places, and parts thereof, prescribe different and varying rates of fares, and it is desired that there shall be uniformity in and a readjustment of the rates of fare, and a general system of transfers applicable to each and every part of the system of street railways owned and operated by said Company; and

WHEREAS, the renewal of the grants, rights, privileges and franchises of said Company on the streets, avenues, public ways, places, and parts thereof, hereinafter named, for said term of twenty-five (25) years, upon the conditions hereinafter prescribed in this ordinance, will be conducive to the public interests;

NOW, THEREFORE, it is hereby provided and ordained, as follows, to-wit:

FRANCHISES RENEWED FOR TWENTY-FIVE YEARS

SECTION 1. The Company is hereby given and granted by the city upon the conditions herein provided, renewals, grants and extensions for a term of twenty-five (25) years from and after the date at which this ordinance shall go into and take effect of the rights to construct, reconstruct, maintain and operate its existing street railroads and street railroad system of single or more tracks, as the same now exists in the city of Toledo, with all necessary curves, street crossings, connections, turnouts, cross-overs, Y's, loops, poles, trolley, feed, span and guy wires, poles, structures, conduits, equipment, and other appliances upon, over, in, under and along all of the streets, avenues, public

ways, places and parts thereof, in the city of Toledo, upon which the present tracks, property and system of said Company are now placed and located, and which said streets, avenues, public ways, places and parts thereof, include the following, viz:

(Here copy description of streets, etc., now occupied.)

If, in the above enumeration, any streets, avenues, public ways, places, or parts thereof, now occupied by any part of the present street railway property and system of the Company, have not been named, it is, nevertheless, the intention hereof that the same shall be included within the street railway property and system described herein.

PLAN FOR REARRANGED SYSTEM MUST BE PROPOSED WITHIN FOUR MONTHS

SECTION 2. During the first four (4) months of such period of twenty-five (25) years, a rearrangement of the lines of such street railway system within the city of Toledo shall be prepared by the expert or experts hereinafter referred to, with the view of giving the best service to the public consistent with the highest operating efficiency, and on or before the expiration of such four (4) months, unless additional time is granted by the council, such experts shall report such proposed rearranged system to the council.

CROSS-TOWN LINES.

Such rearranged system shall provide for what is known as a cross-town line, located as the city may require.

CITY'S EXPERTS TO ASSIST TO REARRANGE SYSTEM

The city shall immediately upon the going into effect of this ordinance, employ an expert or experts for the purpose of laying out said rearranged system, and furnishing information and recommendations to the city with reference thereto, and the Company shall pay all compensation and expenses of such expert or experts up to a sum not exceeding twenty-five thousand dollars (\$25,000.00.)

RENEWAL TO APPLY TO REARRANGED SYSTEM. IF REARRANGED SYSTEM NOT ADOPTED, RENEWAL SHALL APPLY TO PRESENT SYSTEM.

In the event a rearranged system is adopted by the council on or before four (4) months after the date the original rearranged plan is reported to the council, then the above renewals, grants and extensions, shall, for the remaining portion of said period of twenty-five (25) years, adopt, apply to and permit the construction, reconstruction, maintenance and operation of a rearranged system and in the event the council shall not adopt a rearranged system upon the streets, avenues, public ways, places, and parts thereof, therein described and included within said four (4) months, then the above renewals, grants and extensions shall apply to and permit the construction, reconstruction, maintenance and operation of the present street railway system upon the streets, avenues, public ways, places, and parts thereof herein above described, and to such changes and alterations of such system as may thereafter be made and agreed upon from time to time during the unexpired portion of said term of twenty-five (25) years.

RATES OF FARE.

SECTION 3. For said term of twenty-five (25) years, except as hereinafter provided, the Company shall charge and receive rates of fare, as follows:

CHILDREN UNDER EIGHT YEARS ONE CENT.

Children in arms shall be carried free.

Children under the age of eight (8) years, one cent (1c) each.

POLICEMEN, ETC., FREE.

Policemen, firemen, sanitary officers of the City of Toledo, whenever they appear on duty and in uniform, and detectives of the City of Toledo, upon display of their badges, shall be carried free as passengers upon all regular passenger cars.

FIVE TICKETS FOR FIFTEEN CENTS, ETC.

All other passengers shall be carried at a single cash fare of five (5) cents each, and for the first twelve (12) months of said term of twenty-five (25) years, at the rate of five (5) tickets for fifteen (15) cents, which tickets shall be on sale on all passenger cars at all times during said twelve (12) months' period. The rate at which tickets shall be sold after said 2 months' period shall be determined by the council as hereinafter provided.

FREE TRANSFERS.

Any passenger demanding a transfer at the time of paying his fare shall be entitled, without extra charge, to a transfer from the route upon which he shall have paid his fare to any other route except in a substantially opposite direction on a route parallel, or substantially parallel to the said first route, and to ride continuously to any point upon such second route within the limits of the city, provided he transfer to the first car with adequate accommodations passing the point of transfer. Said transfer shall be good and valid, and entitle the original holder thereof to ride upon any route running in substantially the same direction as the route to which such transfer is issued. Said transfers shall be void unless the same are presented for passage within fifteen (15) minutes of the time of their issue.

CITY TO FIX TRANSFER POINTS.

The City reserves the right to designate, from time to time, the points of transfer, and to reasonably regulate the routes from and to which such transfers shall be issued.

CITY MAY APPOINT COMMISSIONERS TO EXAMINE RECORDS AND ACCOUNTS OF COMPANY AND TO INVESTIGATE RECEIPTS AND OPERATING EXPENSES AND DIRECT OPERATION OF RAILWAY SYSTEM FOR ONE YEAR

SECTION 4. The city shall have the right to appoint a commissioner or commissioners, not exceeding three, which commissioner or commissioners shall, during said first twelve (12) months period, referred to in Section 3 hereof, have the right to examine the books, receipts, records and maps of the Company, pertaining to its street railway system, and shall have full opportunity to make all such examinations as such commissioner or commissioners may desire, for the purpose of ascertaining

the income and operating expense of said street railway system, and, if the city so desires, the value of the property used in said street railway system. Such commissioner or commissioners shall be furnished by the Company office room in the general offices of the Company, which office room said commissioner or commissioners, and any assistants that he or they may have, shall be entitled to occupy during said period, while engaged in making such examination and in performing his or their duties. Said commissioner or commissioners shall also, during said period of twelve (12) months, have the right to direct, through the president of the Company, the operation of said street railway system as to routing and re-routing of cars, schedule of cars, and generally supervising the operation of the cars and street railway system. Said commissioner or commissioners shall report to the council from time to time any and all facts and information which he or they may so obtain, so as to assist in arriving at an equitable rate at which tickets shall be sold by the Company for the first five (5) year period after the expiration of said twelve (12) months, as hereinafter provided. The Company shall pay the compensation and expenses of such commissioner or commissioners, but not exceeding \$25,000.00.

PAY-ENTER CARS SHALL BE FURNISHED BY COMPANY WITHIN EIGHT MONTHS

SECTION 5. The Company, upon the taking effect of this ordinance, shall proceed by the acquisition of new cars or by the alteration of existing cars, to extend the pay-enter system of fare collections; and within eight (8) months from that date, the Company shall have all of its regular passenger cars of the pay-enter type. The phrase "pay-enter car," as used in this ordinance, shall be held to mean a car equipped with a fare box, and so arranged as to effectively provide for the prepayment of fares by passengers.

COUNCIL SHALL PASS RESOLUTION OR ORDINANCE STATING RATES OF FARE AT EXPIRATION OF FIRST YEAR AND IN FIVE YEAR PERIODS THEREAFTER.

SECTION 6. On or before the expiration of the twelve (12) months period mentioned in Section 3 hereof, the rates of fare at which tickets shall be sold by the Company for a period of not less than five (5) years after the expiration of said first twelve (12) months, for the carrying of passengers upon the said street railway system, shall be stated by a resolution or an ordinance, which shall be passed or adopted by the council, or such other board or officers then having the powers now exercised by said council in that respect, and upon such basis and rates that the Company shall then and thereafter, while such rate of fare is in force, receive a gross income from such fares sufficient to pay the cost of operation and maintenance of its street railway system, and the taxes thereon, and a reasonable return upon the reasonable value of the property owned and to be used by the Company in its said street railway system. Included in the operating expenses shall be allowed a fair and reasonable price for the electric current used in such operation. And the rate of fare so stated, as aforesaid, shall continue so long as neither party hereto shall ask a revision thereof, but in no event for a period of

less than five (5) years; and from time to time during the term hereof, after the expiration of any five (5) year period, either party may ask in writing for and have a revision of ticket fares, which shall be arrived at in the same manner and upon the basis aforesaid, within sixty (60) days after such request, and any such revised ticket fares shall remain in force for a period of not less than five (5) years, but in no event longer than the term of this ordinance.

MUNICIPAL OWNERSHIP ANY TIME AFTER TWELVE MONTHS' NOTICE

SECTION 7. The city expressly reserves the right to purchase the street railway property of the Company at its appraised value, which shall be determined as hereinafter provided, at any time during the term hereof, upon notice in writing to the Company of at least twelve (12) months or upon the purchase of the Company's property being submitted to a referendum vote, and a majority of the qualified voters of Toledo expressing themselves favorable to the purchase of said property, then the right of purchase may be exercised after sixty (60) days from the date on which the result of such an election is determined. The property so to be purchased shall include all property owned by the Company which is used in the operation of its electric railroad system, but not including its power station. To arrive at said appraised value, the city shall appoint one arbitrator, and the Company shall appoint one arbitrator, and the two arbitrators thus chosen shall appoint a third, and such arbitrators shall make a full and complete inventory and appraisal of said property, and the decision in writing of a majority of said arbitrators shall determine the appraised value of said property.

INTERURBAN CARS MAY USE TRACKS TO REACH CENTRAL PART OF THE CITY UPON DIRECTION OF THE CITY.

SECTION 8. The Company shall at all times during the life of this grant, upon the direction of the city, and under such regulations as the city may provide, permit the use of its tracks by any and all companies owning and operating interurban electric railways, extending to and from the City of Toledo, upon such terms as may be agreed upon between the Company and any such interurban company, in accordance with law and the general ordinances of the City of Toledo; but the use of the tracks of the Company by such interurban companies shall be confined to those tracks which are reasonably necessary to provide for the interurban company the shortest and best route from the point where such interurban company desires to enter the city with its cars to such point in the central portion of the city as is then or may at any time be commonly used by the interurban companies as a suitable loop to enable said interurban cars to return over the tracks of the Company to said point where such interurban cars enter the city. Only such number of interurban cars shall be allowed to be operated over the tracks of the Company as are reasonably necessary and proper to accommodate the interurban traffic of any such interurban company.

Provided, that before any such interurban company shall be permitted to operate its cars over the tracks of the Company, such interurban com-

pany shall furnish to the city and the Company a proper bond of indemnity in the penal sum of not less than fifty thousand dollars (\$50,000.00), with an approved company as surety, conditioned that such interurban company shall save the city and the Company, and each of them, harmless from any and all loss, cost, damage or expense to which the city or the Company may be put by reason of the operation of the cars of such interurban company over the tracks of the Company; and such bond shall remain in force during the full period that such interurban company operates its cars over the tracks of the Company, or it may be renewed from time to time, but in no event shall the interurban company be permitted to operate its cars over the tracks of the Company, unless at such time such bond is in full force and effect.

INTERURBAN COMPANY SHALL PAY REASONABLE COMPENSATION FOR USE OF TRACKS

SECTION 9. The compensation which any interurban company shall pay the Company for the use of its tracks shall be reasonable, and shall be agreed upon by the Company and such interurban company, and in the event they are unable to agree, the Company shall appoint an arbitrator, and the interurban company shall appoint an arbitrator, and such question of compensation shall be submitted to the two arbitrators thus chosen, and if they agree upon such compensation the same shall be binding upon the company and the interurban company, but in the event said two arbitrators cannot agree, the city shall upon the request of the Company or the interurban company, appoint a third arbitrator, and the question of compensation shall then be submitted to said three arbitrators and the decision of any two of said arbitrators shall be binding. Such compensation to be paid by any interurban company to the Company shall not be for a period exceeding five (5) years and shall be redetermined in the same manner for successive five (5) year periods. No interurban company shall have the right to operate its cars over the tracks of the Company until the compensation to be paid therefore shall have been determined, as aforesaid.

CITY RESERVES RIGHT TO REGULATE SERVICE, OPERATION AND ROUTING OF CARS

SECTION 10. The city at all times reserves the right to make all regulations that may be fairly necessary to secure the safety and convenience of the public and passengers in the construction and operation of the electric street railway system, the number of cars, dimension of cars, and any equipment of cars, and to properly route and re-route the car lines and specify the service to be given by the company on the various lines. The Company shall be given notice of any and all such regulations, routing, re-routing, and service, which may be adopted and approved by the council, and upon the failure of the Company to comply with any such notice within a reasonable time after receiving the same, this franchise and all rights thereunder shall, upon notice to the Company, be deemed to be forfeited, at the option of the city, but upon the

Company complying with any such notice before any such forfeiture shall have been finally declared, then and in every such case, upon the compliance by the Company with such notice, the right to the city to forfeit such franchise for or on account of such notice shall thereby terminate.

COMPANY SHALL GRADE, PAVE AND REPAIR A STRIP LYING BETWEEN
TWELVE INCHES OUTSIDE ITS RAILS AND BETWEEN ITS
DOUBLE TRACKS, OR PAY THE CITY THEREFOR.

SECTION 11. Whenever the city shall deem it proper to grade, re-grade, pave or repave in any manner, repair or improve any street, avenue public way, place, or part thereof, including also bridges and approaches thereto, across or in which the Company's tracks are laid, the Company shall grade or regrade, pave or repave, or otherwise improve or repair, to such depth of excavation or filling, and in such manner, at such times, and with such materials, and on such foundation as the city may direct, such part of such street, avenue, public way, place or part thereof, as lies between a strip twelve (12) inches on the outside of the rails of the Company's track or tracks, including switches and turnouts, and also all space which lies between the double tracks and switches and turnouts, or, at the option of the city, the Company shall pay the cost and expenses of the same to the city. If in any case the city shall determine that the Company shall pay the cost and expense of said work to the city, then it shall be necessary to notify the Company of such determination, and the city may proceed to do such work, or to have the same done, and at all times make such improvements, in the same manner as it does its other public work, and the Company shall at no time interfere with said construction, or disturb the improvement after the same is made, without the consent of the council of the city of Toledo.

Upon the failure of the Company so to do, the city of Toledo may at any time enter upon such work, and in such case improve, repair or relay the rails of the Company, without the consent of the Company and the expenses shall be paid by the Company.

COMPANY MAY TRANSPORT SUPPLIES, ETC.

SECTION 12. The Company may transport along and upon its lines, in suitable cars, such materials, supplies, appliances and tools as it may need for the construction, maintenance and operation of its road and property. It may operate funeral cars, observation cars, express, mail service, and other special cars. The Company may operate suitable cars, which cars shall be to the satisfaction of the council, for the transportation of freight between the hours of 12:00 o'clock midnight and 5:00 o'clock A. M. The transportation of materials, supplies, appliances, tools, mail and freight, and the operation of special cars, shall not be permitted to interfere with or delay the carriage of passengers, and shall at all times be subject to regulation by the council.

TRACKS ON BRIDGES AND CONTROL THEREOF BY CITY.

SECTION 13. The Company shall not, during the term hereof, remove its tracks across or on any bridge in the city of Toledo, without the express consent and authority of council. When any new bridge or

bridges are erected, in place of old ones, the Company shall, at its own expense, remove its tracks from the old bridge, and place same upon the new as soon as the same is ready to receive such tracks. The Company shall not, without the express consent of the city, cease the operation of cars over any bridge, as they may now or hereafter be operated, except for such time as shall be absolutely necessary to complete the restoration, reconstruction or repair thereof. In the event the Company's tracks shall be damaged, destroyed or carried away with the bridge upon which they are laid, and whenever such restoration, reconstruction or repair, makes essential the removal of the tracks temporarily from any bridge within the city, the Company, upon such restoration, reconstruction or repair being effected, shall immediately relay its tracks, and begin the operation of its cars thereover. The city shall in no event be liable in damages for any loss to the Company by reason of any destruction, removal, repair, erection or re-erection of any such bridge.

COMPANY SHALL KEEP ITS TRACKS FREE FROM ICE AND SNOW

SECTION 14. The Company shall at all times keep the portion of the streets, avenues, public ways, places and parts thereof as lie between a strip twelve (12) inches on the outside of the rails, of the Company's track or tracks, including switches and turnouts, and also all space which lies between the double tracks and switches and turnouts, and its tracks on all bridges and approaches, free from ice and snow at its own expense, so that the cars may be continually in service.

COMPANY SHALL SPRINKLE AND CLEAN ITS TRACKS AND SPACE BETWEEN TRACKS

SECTION 15. If the city shall deem it proper to sprinkle and clean, or both, any street, avenue, public way, place, or part thereof, along or in which the tracks of the Company are laid, the Company shall in such manner and at such times as directed by council, sprinkle or clean, or both, its tracks and space from which it is required to remove the ice and snow in the preceding section hereof.

CITY NOT LIABLE TO COMPANY FOR DAMAGES FOR BREAKING OF DRAINS, ETC.

SECTION 16. Said City of Toledo shall not be liable in any way to said Company for damages it may sustain from the breaking or overflow of water from any sewer or drain, or from the breaking of any water pipe or gas pipe, by reason of any change in the grade of any street, avenue, public way, place, or part thereof; and said Company shall so construct its tracks as to fully protect from damage thereby any and all sewers, water pipes and mains, gas, or other pipes running beneath the surface of the streets.

TRACKS NOT REMOVABLE EXCEPT ON CONSENT OF CITY.

SECTION 17. The tracks and structures of the Company shall not be removed during the term hereof without the consent of the city first obtained, but the Company may remove its tracks and structures, or any part thereof, at the expiration of the term hereof, but in the event it does so remove the same, the Company shall restore the street, avenue,

public way, place or part thereof, from which such removal is made, to a condition equally as good as before such removal was made.

COMPANY TO INDEMNIFY CITY.

SECTION 18. The Company shall indemnify and save harmless the city against any and all damages, judgments, decrees, costs and expenses which the city may in any manner incur or suffer, or which may result from or be recoverable from or obtained against the city for or by reason of the granting of the rights hereby conferred upon the Company, or growing out of or resulting from the exercise and use by the Company of the rights hereby granted to it, and for any acts of neglect or omission of the Company.

INDEMNITY BOND \$100,000.00

Before this ordinance shall become effective, the Company shall furnish to the council of the city its bond to the city, subject to the approval of the council as to sufficiency, and the city solicitor as to form, in the sum of one hundred thousand dollars (\$100,000.00). Said bond shall remain in force for not less than one year, and shall be renewed from time to time, but in no event shall the Company be permitted to operate its cars under and by virtue of the terms of this grant, unless at such time such bond in the penal sum of one hundred thousand dollars (\$100,000.00) is in full force and effect. Said bond shall be conditioned that the Company will forever indemnify and save harmless the city, as aforesaid, and that the Company will perform all and singular the provisions, conditions and obligations by it to be performed and discharged under the provisions of this ordinance for the term of such bond. The council may at any time require further and additional surety on any such bond, or require a new bond or bonds to be given with like conditions; provided, further, that the Company may, in lieu of such bond, at any time deposit with the duly authorized officer of the city collateral or securities, approved by the council, in such amount as the council may require; and thereupon such collateral or securities shall be held by the city as indemnity to the full extent, as above provided in said bond.

Provided, however, that the giving of any such bond, collateral or securities or requiring of any additional securities or further bond, or the recovery of a judgment thereon by the city, shall not be construed as limiting or measuring the liability of the Company to the city under this ordinance. Neither shall the requirements herein, and the giving of such bond or collateral or securities or further bond, nor any of the provisions of this section be construed to in any wise prejudice the right of the city to work a forfeiture of the terms of this ordinance, but the right of forfeiture and all other rights in this ordinance set forth shall be in addition to and independent of the rights of the city under said bond or bonds, collateral or securities.

FORFEITURE PROVISIONS.

SECTION 19. In case of any failure of the Company to do and perform each and every one of the terms and conditions herein stipulated

to be performed by it, and failure to comply with the general ordinances of the City of Toledo relating to street railroads now or hereafter in force, and not inconsistent with the specific provisions of this ordinance, and such failure shall continue for six (6) months, after written notice to the Company from the city of its intention to execute a forfeiture by reason of such failure, the Company shall thereupon forfeit all and singular the rights and privileges herein granted and thereafter all such rights and privileges shall cease.

DEFINITION OF TERMS.

SECTION 20. Wherever the words "The Toledo Railways & Light Company," or "Company," or "the Company," are used in this ordinance, unless the intention clearly appears otherwise, they shall be taken to, and shall mean The Toledo Railways & Light Company, its successors and assigns. The words "city," or "the city," shall be taken to, and shall mean the city of Toledo, Lucas County, Ohio. The words "council," or "the council," shall mean the council of said city of Toledo.

MANNER OF ACCEPTANCE.

SECTION 21. This ordinance shall take effect and be in force from and after its passage and legal publication, and the filing of an acceptance hereof in writing by the Company, and the filing by the Company of the bond provided for in Section 18 hereof, unless this ordinance shall be submitted to a referendum vote, as provided by law, in which event the same shall take effect after the same has also been approved by the requisite number of qualified electors of the city of Toledo, as provided by law.

The help I have given my fellow-man has never been returned justly. Those to whom I have sacrificed the most have paid me badly. But those whom I have helped the least have often overwhelmed me with appreciation. I have so much to do to pay my debts of gratitude that I fear life will not last long enough for me to pay my debts of revenge.

—HENRY L. DOHERTY.

It was not until September, 1914, that the Schreiber three-cent ordinance (not the franchise) was definitely killed by the court. Meanwhile, the Company operated under the plan of allowing free rides to those who refused to pay the correct fare, at the same time conducting one of the most vigorous publicity campaigns in the history of public utility industry, under the general head of "So the People May Know."

The advertisements were prepared by Mr. Doherty himself, and were directed toward clarifying the situation in the minds of the public. Many of the advertisements had a purely local significance and are omitted from this collection. The three-cent fare ordinance and the results of such an ordinance, if enforced, were explained in one of the early advertisements:



WE believe in publicity.

That will probably seem like a new idea to the people in the method of handling public utility companies.

It is a new idea here.

You are dealing with new people and new methods.

It is up to the people of Toledo to change their old ideas.

The old methods have been discarded on the part of your public utility people.

Have you changed your method of thinking and passing judgment on these problems?

If not, don't you think you ought to do it?

The street railway problem deserves the constructive thought of every citizen of Toledo.

Many people think the street railway service is not as good as it should be.

We admit that it is a long way from being what we want to furnish.

No matter how bad you think it is, the fact remains that it is a whole lot better than most cities are getting.

But there is no use arguing about existing service.

We can demonstrate that it is good compared with other cities.

But let's say it's bad, bad, bad.

Who do you think is to blame?

We don't think the old owners are entirely.

We think the people of Toledo are to blame for 80 per cent of it.

Or to be more correct, we think that 80 per cent of it should be blamed to those who have nominated themselves to speak the opinion of the people of Toledo without attempting by proper means to find out what the opinion of the people of Toledo is.

Those who have insisted on speaking have made it almost impossible to provide an adequate transportation system for the growing needs of the city.

IN THE FIRST PLACE, THE PEOPLE OF TOLEDO DON'T WANT A 3 CENT FARE UNLESS A 3 CENT FARE WILL PROVIDE GOOD SERVICE.

We don't say that on our own opinion. We have sent a copy of our franchise to every registered voter, together with a stamped and addressed envelope for a reply.

We speak from the expression of the replies, not by any self-constituted authority.

But getting back to the question of who is to blame we want to tell you the story and then you can

JUDGE FOR YOURSELF.

A public utility in a growing city does not provide a revenue to the owners in excess of all expenditures.

Out of the gross revenue the operating expenses, the taxes, the maintenance of the property, improvements and enlargements must be paid.

The profits over and above operating expenses generally amount to about 8 per cent.

It generally requires more than all of these profits, more than the 8 per cent, to buy additional cars to take care of the growing population, to pave new streets, to extend the tracks to new suburbs, etc., etc.

So it is a question not of taking more money out of a city, but of constantly bringing in more money.

It is customary to renew franchises many years before they expire.

The Cleveland franchise provides that it shall be renewed fifteen years before its expiration, or else the rate of fare shall be increased.

In Toledo the street railway has been operated for the past few years in the face of the early expiration of the franchise.

This fact was advertised by every political speaker and the newspapers.

Instead of assuring the investing public that these franchises would be renewed on a fair and equitable basis to the company, a very different message was sent out to the investing public of the country.

DO YOU WONDER THAT NOBODY WANTED TO FURNISH THE MONEY TO BUY NEW CARS, ETC.?

There has been little said except by way of abuse for the old crowd who used to control the street railway property, but they were not half as bad as they were painted.

They had more faith in the unawakened sense of justice and fair play on the part of the people of Toledo than did the men who constituted themselves the spokesmen of the people of the city.

They may not have known how to satisfy the public or awaken their sense of fair play, but nevertheless they showed by their acts that they blindly believed that fair play would ultimately assert itself.

Instead of cutting off all expenditures for extensions and maintenance of property years ago, and thus getting as much out of their investment as possible, they continued to make reasonable extensions and also maintained their property fairly well.

With the credit of the company assaulted in every way which could be devised they struggled on, trying to provide an adequate transportation system to the people of Toledo.

As time crept on they became more and more discouraged.

Every purchaser for this class of properties was approached.

The present owners were about the first to be approached.

The "old crowd" figured that the situation demanded optimism in a high degree.

The terms that were offered were not satisfactory.

A weary round of negotiations was then entered upon, but without success.

Finally the "old crowd" came back to the present owners and said, "We accept your terms."

THEY WERE TIRED, DISCOURAGED AND DISAPPOINTED, BUT NOT BITTER.

They still believed that Toledo held a bright future when the day should come when the builder would receive encouragement rather than abuse.

They believed that the day would come and, under proper guidance, the people of Toledo could be made to see that the man who filled the pay envelope of the workman with real money was a more useful citizen than the man who filled his mind with fancied wrongs.

They had a world of abuse from many of the people of Toledo, but they had no word of abuse in reply.

They had failed.

They were not blaming others.

More money had to be had which they could not raise.

They were willing to sell their bonds and their stock for a lesser amount of nonvoting stock in a new company.

They still believed, in spite of an insignificant growth in population and prosperity for the past two decades, in comparison with several other cities of lesser natural advantages, that sooner or later internal dissension would cease, and Toledo, with her wonderful natural advantages, would become one of the great cities of the country—one of the great cities of the world.

We know that when we speak a word of praise or justification for the old crowd that we are jeopardizing our own standing.

WE ARE NOT PLAYING A GAME FOR TODAY, TOMORROW, NEXT WEEK OR NEXT YEAR.

WE EXPECT TO LIVE AND WORK WITH THE PEOPLE OF TOLEDO FOR TWENTY-FIVE YEARS AT LEAST.

If Toledo is to grow and prosper somebody, perhaps many people, will have to be bold enough to tell some plain truths.

We will do our share.

We will try and make them just as inoffensive as possible.

We want your confidence and support, not only now, but five, ten, fifteen and twenty years hence.

WE HAVE PLAYED OUR GAME ON THE SQUARE.

We could show you many letters from citizens suggesting and advocating plans of beating the existing condition, such as cornering all the pennies of Toledo.

Before noon of March 28th more than ten of our citizens had suggested that we simply put all the pennies we would receive in barrels and not pass them out again.

How long do you think it would have taken us to collect about all the pennies in Toledo?

About three days.

We did not do it.

This plan would have been thought legitimate.

WE HAVE RESORTED TO NO TRICK—LEGITIMATE OR ILLEGITIMATE.

We don't intend to.

We intend to fight this whole matter out on the question of whether the people of Toledo do or do not want to see the spirit of fair play win.

If we lose we will lose.

We will be good natured about it.

We don't care to seek revenge on people who have simply been misled.

We know that the men that make up this organization can always make a living.

They have been chosen for their ability and industry.

It is up to the people of Toledo to say whether they want some of their public needs supplied by us or by others.

We have been threatened continually and repeatedly, but we have no threat in return.

TOLEDO SHOULD BE AND DESERVES TO BE ONE OF THE GREAT CITIES OF THE COUNTRY—ONE OF THE GREAT CITIES OF THE WORLD.

We would like to play a part in it.

We don't expect the diplomacy of the Court of St. James to characterize the invitation or the dismissal we will get from the great mass of the people of Toledo.

We were not raised as pets, so you don't have to worry about the language in which your reply is framed.

We think that the people of the city believe our organization has ability and talent.

They can have us in addition to all the ability and talent that they now have.

And in the language of the song, "Just a little bit added to what you've got, makes just a little bit more."

YOU CAN JUDGE BY THE PROGRESS MADE IN OUR ELECTRICAL DEPARTMENT WHETHER WE ARE SKILLED AND INDUSTRIOUS WORKMEN OR WHETHER WE ARE IDLERS AND MANIPULATORS.

We are restless to take hold of your street railway problem in the same way.

But we can't raise two million dollars for extensions, new cars and a crosstown line on a day-to-day lease and while some of the city administration are trying to make junk out of our property.

But if we are to waste our lives in negotiations which lead to nowhere, we would never get a chance to do the real work that we are trained to do.

It's up to the people of Toledo.

Yours cordially,

TOLEDO RAILWAYS AND LIGHT COMPANY,

By HENRY L. DOHERTY.

Crime is the tree which frequently grows from the seed of weakness.

—HENRY L. DOHERTY

The whole moral aspect of the three-cent fare controversy was summed up by Mr. Doherty in five questions with which he headed one of the advertisements:

PUTTING IT UP TO YOU.



VERY man should ask himself the question:

"If I believe in the plain, manly principles of fair play will I ride free on the street cars of this city?"

"Will I continue to accept the transportation service that means the very life of this city and yet pay absolutely nothing?"

"Will I ask the employes on the cars to carry me safely and quickly to and from my work and yet pay nothing toward their compensation?"

"Would I go into a store and expect to take home the necessities of life without making proper payment or would I expect to render my own services and get nothing for it?"

"Is not the man who wants service at less than its value or for nothing unfair in the extreme?"

Every street car patron, every man who has the best interests of his city at heart should ask himself whether or not the city officials have advanced a **SINGLE REASON FOR ATTEMPTING TO FORCE A 3-CENT ORDINANCE ON US OTHER THAN A POLITICAL PLEDGE?**

We are told they were elected on a 3-cent platform when the curious thing about it is the important fact that every candidate on every ticket of the many up to the voters last fall had 3-cent fare as the big plank of his platform. It, along with the entire franchise question, has been almost the entire foundation of every political fight for so many years that hosts of our citizens are sick and tired of the unseemly attempt to again force it into a political issue.

In no uncertain way the people have shown most emphatically that this constant political agitation must cease and that the entire franchise question must be approached just exactly as any other business question must be approached—by fair, reasonable business men applying only principles that they would be willing to adopt for their own business.

The city, however, refuses to recognize the unquestioned sentiment of the people which is expressed when the great majority of the people pay regular fares, but continue to place above their sacred oath of office a pledge made before election for purely political purposes.

In the face of an exhaustive examination made by their own accountants which showed 3-cent fares to be an impossibility in Toledo with the present service, still an attempt is made to force this ordinance upon the company.

There are many reasons why such a rate is confiscatory if the city would simply listen to any. We have repeatedly shown that Toledo has less population per mile of street car track than any of the neighboring low fare cities and that it has more mileage of tracks to operate than any city of its size. It is on **SUCH FACTS THAT STREET CAR FARES MUST BE BASED, ALTHOUGH CITY AUTHORITIES DO NOT DEEM IT NECESSARY TO LOOK INTO THEM.**

Is there a sane business man in the city of Toledo today who would move into a building and make expensive improvements costing thousands of dollars if he knew he could be thrown out on an hour's notice?

Is there any good reason why this company should pay rental to use the streets any more than a coal wagon or an ice wagon should? A street becomes valuable only as it becomes useful to the public and cars on the street allow the people to get the maximum service out of that street. The only way the company has to secure money for operating expenses is from the car riders and the more burden put on the company by rentals, taxes, paving assessments, the higher go the operating expenses and naturally the higher the fare must be.

These are fundamental truths that every thinking man knows, and with such facts confronting him can any reasonable man in Toledo today tell us WHY THIS FRANCHISE QUESTION COULD NOT BE SETTLED IF SANE, BUSINESS PRINCIPLES PREVAILED?

"But you could give 3-cent fare if the water was squeezed out of the stock," we hear it said.

This is another form of the same tactics being constantly used to block every possible settlement and to muddy the waters.

We say here as emphatically as the printed word can make it that the value of stocks and bonds has absolutely nothing to do with the fixing of the rate of fare.

We ask the city not to consider them in any way in arriving at a fair rate of fare. The only thing we ask and have asked continually is that fares be based on nothing but the value of the property and the necessary operating expenses for the running of cars.

We were not responsible for the capitalization of the company and to refute the claim that it has anything whatsoever to do with determining the rate of fare it is only necessary to refer to the testimony of the city's own accountant when he said THAT THREE-CENT FARE IN TOLEDO LAST YEAR COULD NOT HAVE PAID THE BARE OPERATING EXPENSES, NOT TO COUNT ANY INTEREST ON INVESTMENT.

There are always those who attempt to block every bit of progress. It is always easy for a man who has never run a railroad to tell you how to do it. For instance we have heard testimony to the effect that the tracks are not worth over \$200,000. We have not only heard it once, but again and again.

THE FACTS ARE THAT IT TAKES TODAY IN TOLEDO \$12,000 TO BUILD ONE MILE OF STREET CAR TRACKS WITH

PAVING AND OVERHEAD CONSTRUCTION AND THERE ARE 116 MILES OF TRACK IN TOLEDO, and the past few months over half a million dollars have been expended on the tracks alone.

When arguments such as are advanced in Toledo today and such figures given out by people who have never had one day's practical experience in this line of work is it any wonder that we are asking the people to acquaint themselves with facts and not be led astray by statements that are absolutely untrue?

We are told very plainly that our property is worth nothing but the bare cost of the material and yet how many men in business today would sell out for simply the amount it cost them or the amount they actually had invested in it?

Every man who owns real estate along the line of a street railway can cash in profits of many thousands because of increased values through the street car service. Every home, store and factory increases in value way beyond its cost, but the railroad alone is singled out and refused a penny of the fortunes it has helped to create. The railroad alone is worth only the bare cost of the material.

Every merchant knows that as the cost of his rent, wages and raw material increases he can simply add on more to the selling price of his goods.

Everything that goes to make up the daily wants of every man has been steadily increasing in cost—almost doubled—and yet many expect the price of the street car ride to be continually pounded down in the face of the fact that every article that goes into making that street car ride possible has been steadily increasing in cost and in some cases almost doubled.

It is our contention now and has been that the paramount question for this city right now is good street car service. We know that the city cannot get the sort of service that will promote its growth and prosperity on a three cent fare.

HOWEVER, IF THE CITY WANTS A THREE CENT FARE INSTEAD OF HIGH CLASS SERVICE WE ARE READY NOW—as we always have been—TO GIVE IT A FAIR TRIAL.

We only ask that the city meet us half way so at the end of the trial period we will have some assurance of relief against the loss that must ensue if we are allowed to give Toledo satisfactory service. We agree to put such a trial into operation just as soon

as the franchise ordinance of the city goes into effect and the city has it in its power to make this as early as they wish.

If that proposition isn't fair then we confess that we are unable to appreciate what fairness means.

In all fairness has not this company done everything possible and in fact gone out of its way to be liberal in its dealings with the city to effect a square and speedy settlement?

Show us and your representatives that you are manly enough to assert yourselves and demand for us the same fair play that you would expect for yourselves.

Give us your moral support and PAY YOUR FARE.

The constructive interests of this city must assert themselves.

All too long have they left the field of publicity to the men who thrive on agitation and whose platform is to tear down rather than upbuild.

This city is facing a crisis—a crisis that means more to its future prosperity than any it has ever faced.

It takes strong, manly men—men who have the future of this great city at heart—to stand up boldly and demand that a few politicians and those who cry and rail from the housetops against everything that tends to prosperity or against any man or set of men who accomplish anything shall not be allowed to rule in Toledo.

TOLEDO RAILWAYS AND LIGHT COMPANY.

No fortune is big enough to be much of a factor in philanthropy if it is merely given away for charitable purposes. Morton and Wells and those who have followed them in developing the use of anesthetics did more for the comfort of the human race than any amount of wealth. Brains and industry are the giants in philanthropy.

—HENRY L. DOHERTY.

One of the most illuminating advertisements ever published dealing with the Corporation was written by Mr. Doherty during the Toledo campaign. It is an unusually successful demonstration of the fact that the interests of the corporations and the public should be identical.



WE have never lost faith in the sense of fair play of the American people of any generation or any locality.

There is a world of evidence that might be cited to the contrary from the witchcraft days of Salem to the lynching of innocent negroes of the

past decade.

Every generation has had its victims.

The victim of one period was simply a sacrifice needed to awake the interest of the people of his generation to what was fair play.

The people always want to see fair play, but they are sometimes woefully wrong as to what constitutes fair play.

They don't think.

Prejudice rather than reason prompts their actions.

It doesn't take much courage to fall in with the mob and burn a witch.

It does take a world of courage to stand up and resist a whole community.

The victim of public prejudice can never enforce justice.

Justice must be secured by the efforts of the thinking people.

Thinking people are seldom impulsive and are generally exceedingly cautious.

Therefore, it generally takes a long time for justice to be asserted.

The public conscience must be awakened.

This must be preceded by the awakening of public intelligence.

THE PRINCIPAL VICTIM OF THIS PERIOD IS THE CORPORATION.

The special victim is the public service corporation.

Yes. We mean that.

Their sins are magnified many times.

Their virtues are looked at only through the wrong end of the telescope.

Sins are magnified and remembered.

Virtues are belittled and forgotten.

WHO IS TO BLAME?

The corporation must take a large share of the blame.

They have committed many real sins and still more blunders.

When public antagonism became apparent, some of the corporation men laughed at it.

There are good men and bad men in every walk of life.

In corporation work, the bad men sinned and blundered.

The good man at best blundered.

Ninety per cent of the corporation men are still blundering.

When public antagonism sprang up, it should have been met fairly and squarely.

REAL WRONGS SHOULD HAVE BEEN CORRECTED AND IMAGINARY WRONGS EXPLAINED.

They said it would soon blow over.

The only mistake was the "soon" part of their prediction.

It has been "blowing over" for a number of years and it is the kind of "blow that near killed father."

As public antagonism and prejudice grew, it seemed more and more impossible to meet it.

The corporation didn't know how to talk it over with the public, even if it had wanted to do it.

Most of them don't know now.

While many of them are college graduates, they can't talk the language the people will understand.

Now knowing what else to do they said, "Why attempt to explain to the people?"

Some few of them said, "I will simply elect my own men to the city council or legislature or else buy the ones that are elected."

THE PUBLIC TOOK THIS TO BE THE UNIVERSAL PRACTICE OF CORPORATION PEOPLE.

They even still think that somebody or a great many somebodies by means of editorials or platform speeches corrected this by awakening the public conscience.

Don't you believe it.

These people were peddling out second hand information. The scramble for bribe money was its own executioner.

The real truth of the matter was that the situation became unbearable to the corporations.

But to get back to the main topic.

The nonbribing corporation men, who in spite of public opinion are in the majority, just plainly and consistently blundered.

They did not know how to talk things over and explain them to hundreds of thousands of people.

They said, "The only thing for us to do is to employ a clever man to go to the city council or the legislature and explain the matter."

The honest office holder listened to a request that seemed only reasonable to him and voted for it in the face of public opinion.

The dishonest official demanded pay for the influence or opportunities he would lose.

Sometimes he got it and sometimes he didn't.

If he didn't get it right away, he played for obstacles and delay.

Whenever it was gettable, he kicked up a lot of oratorical dust about trespassing on the people's rights.

When the honest member of the legislature, even if justice warranted it, refused to fly in the face of public opinion and the demands from the other kind became too excessive, the corporation man still continued to blunder.

He said, "Well, I can still get protection in the courts."

The little cloud on the horizon of public opinion was growing all the time.

The public believed their rights were being trespassed upon flagrantly and deliberately by every legislative body and every court.

The little cloud had threatened to become a cyclone.

The members of the legislative bodies and the judges of the courts commenced to hedge.

If the courts could avoid giving a decision in favor of the corporation, they did it.

The corporation man found himself out on the prairie with a gale blowing that threatened to become a cyclone.

Both the bad and the good corporation man found he couldn't even get justice.

Not only that, but "his property—his sacred property" could be taken as a political football by any old politician at will.

The hatred for "his corporation" could be capitalized by any cunning newspaper, and even at a penny per paper a fortune

could be earned by the cunning newspaper man that would enable him to live in idleness and luxury.

WHILE THE CORPORATION MAN HAD TO SWEAT BLOOD TO EARN A NOMINAL RATE OF INTEREST ON THE VALUE OF HIS ACTUAL PHYSICAL PROPERTY, THE NEWSPAPER WHICH EVERY DAY HAD HELD HIM UP TO PUBLIC RIDICULE COULD EARN ONE HUNDRED THOUSAND DOLLARS OR MORE ON A PLANT HAVING A PHYSICAL VALUATION OF NOT TO EXCEED \$25,000. ONE INVESTMENT EARNS 6 PER CENT AND THE OTHER ONE 100 PER CENT.

The public always thought there was something wrong, but the corporation man knows there is.

With so many people convinced that there is something wrong, it ought to be an easy matter to fix it.

The trouble is that they don't all agree as to what is wrong. It hasn't been talked over enough.

Most corporation men don't know how to talk it over.

He is blamed on all sides for not taking the public into his confidence.

If he tries, he often blunders and makes matters worse.

The newspaper editor has the friendship of his readers.

The corporation man has his critics for his readers.

If he is too serious, the people think he is a grouch.

If he isn't serious all the time, he is accused of being too flippant.

If he tries to slip his story into the news columns, he is accused of being too miserly to pay for what he wants.

If he buys advertising space, he is accused of trying to buy the newspaper or of being extravagant at the expense of his stockholders or his customers.

He is damned if he does and damned if he doesn't.

He is generally man enough to keep up a bold front.

But if you were trying to get the biggest number of unhappy and discouraged men without much trouble in picking them, just cast a net over the corporation men of this country and you will probably have them.

There are some of us—and especially among the younger class—who refuse to be discouraged.

We don't rail against the public.

We don't even rail against the old school of corporation men.

We are not working to revenue the past, but to build, create and develop and magnify the accomplishments of the future.

Whenever we are abused we think of the baseball umpire of twenty years ago.

We refuse to "kick against the pricks."

Most of us went barefooted when we were boys and we learned then that when we stubbed our toe it hurt less if we laughed than if we cried.

A few years ago we got little else but abuse.

Now we hear a word of friendship now and then.

We know a new day is dawning for us all.

The old grouch tells us we are wrong.

But we say, if we are dreaming, don't wake us up.

We are going to do what we think is right.

IF WE CAN'T HAVE A DEMONSTRATION OF PUBLIC CONFIDENCE, WE CAN AT LEAST HAVE A CLEAN, PRIVATE CONSCIENCE.

Cordially,

HENRY L. DOHERTY AND COMPANY.

As long as capital can be invested with the expectation of profit it will be so invested. When a profit is denied capital in one line of business it will leave that business and go to some other line. **When capital is denied a profit in one city, it will go to some other city.**

—HENRY L. DOHERTY.

Early in the publicity campaign, Mr. Doherty wrote the following advertisement, showing what the Doherty organization proposed to do in Toledo and why they were qualified to do it:

SPECIALISM

We are specialists in the public utility business.

We believe in specializing.

If you came to us and wanted your portrait done in oil, we would tell you to go to a specialist in this line of work; or, perhaps, we should say line of art.

Art can be made a business and business can be made an art.

If you insisted upon us painting your portrait you would probably get an awful daub.

When we came to Toledo it was our intention to do two things in particular. One was to make Toledo a brilliantly lighted city—a city that people would talk about and praise from ocean to ocean.

The other thing was to give Toledo a street railway system which would be the envy of other cities; clean, well lighted, smooth running cars and plenty of them.

We have a franchise for electric lighting and our rates are fixed. We have had no insurmountable obstacles placed in our road of progress toward making Toledo the city of brilliancy.

We will stake our reputation on the result. Toledo will become the city of brilliancy.

Mark down this prediction, and from time to time make up your mind whether it is a prophecy or a boast.

Make up your mind whether we are skilled workmen in our special line of public utility work or mere bunglers.

Make up your mind whether we can be made an asset to Toledo or not. We mean to double our electrical business.

Think what it would mean to Toledo if every merchant and manufacturer would double his business in one year.

If you want your street railway system handled in the same way, take off the hobbles that have been placed on us and we will do the rest.

Business becomes an art when it is carried to a high degree of efficiency.

A great business success was probably never attained by chasing the dollar, but is due to pride in one's work—the pride that makes business an art.

We are, for the moment, being denied a rate of fare that will yield even operating expenses. We are expected to find the money to buy new equipment, build new tracks and pave the streets on a day-to-day lease. *We can't do that sum.*

And we don't think anybody else can.

However, we will do the best we can under whatever conditions we have to work. *We're not going to sulk.*

We're not looking for grievances, but we are looking for encouragement. We are not manipulators, but operators.

We are not plutocrats, but workmen, and skilled workmen we have tried to make ourselves.

The older men in our organization came up in the school of hard knocks. The younger men are nearly all graduates of the leading engineering universities of the country, who, after graduating from their university, spend two years in a special training school of our own. From twenty to forty fresh graduates come into our school every year. Not more than two from any university, the best in their class, and preferably the boys who have worked their way through college.

We can give you a street railway system of which you will be proud.

Better service and economies of operation cannot be secured by passing ordinances. It requires thought and action, and thought and action along constructive lines.

We are willing to be judged by what we can demonstrate to you in the electrical department. If nobody throws a monkey wrench in the gear wheels there we can demonstrate our ability.

If you want the same results in your street railway system take off the gags and the handcuffs and we'll go to it.

Yours sincerely,

HENRY L. DOHERTY AND COMPANY

Strive not to be a dissatisfied employee. If you are one, there is something wrong with the boss or with the concern you work for, or with yourself. If the trouble is with the concern or the boss, the sooner you leave them the better. If the trouble it with yourself, the sooner you find it out the better.

—HENRY L. DOHERTY

Early in May the Company published in full the so-called "Dotson Ordinance," that is, the franchise which had been agreed upon by the Company and the Franchise Committee of the City Council. It was introduced in Council by Mr. F. M. Dotson, of the City Council's Franchise Committee. At the same time the Company invited criticisms of the ordinance, and offered prizes for the best criticisms, the judges being the presidents of the Toledo Commerce Club, the Toledo Advertising Club, and the Toledo Transportation Club. Soon afterward the Company published in an advertisement thirty criticisms of the proposed ordinance and took up the task of answering them day by day. Later an additional list of fifteen more criticisms was published and answered. The following are selected as the more important ones among the list:

CRITICISM NO. 1.



E don't want to give a franchise to anybody who won't obey the city ordinances. The city says you must run your cars for 3 cents and you are a law-breaker if you don't do it."

If we are law-breakers because we do not comply with the city ordinance that attempts to compel us to carry passengers for 3 cents, then if the council were to pass an ordinance requiring us to carry passengers for 2 cents, 1 cent, or for nothing, we would still be law-breakers.

Can Any Sane and Reasonable Person in Toledo Believe the Council Can Pass an Ordinance Requiring Us to Carry Passengers for Nothing?

No rate of fare can be made binding on us unless it is a reasonable rate.

A city ordinance that provides unreasonable rates is in conflict with common honesty and with the Constitution of the United States.

A city ordinance--and especially one like this--passed for political purposes, can neither override the principles of common honesty nor the Constitution of the United States.

To prate about this ordinance as binding on us IS EITHER A BADGE OF IGNORANCE OR PURE "BUNK."

The city solicitor knows this or ought to know it.

We have tried our best to get the city council to demand a written opinion from the city solicitor.

If the legal department wants to be fair and if they still maintain that this ordinance is binding upon us, then they ought to give a written opinion to that effect and pledge their professional reputation to that effect.

But in addition to its being self evident that the ordinance is not binding upon us, the matter has already been passed upon by the United States Federal Court.

In the opinion handed down by Judge Killits on March 31 he says:

"That the company shall lose its right to question the reasonableness of the conditions imposed upon it in the assumed interest of the public, because it serves the public, is intolerable"

* * *

"If these ordinances are unreasonable exactions, they are as if they never had been passed by the council, and the company is not affected by their presence on the ordinance books. It may continue to operate its cars until the city ejects it, without reference to them. They are not self-enforcing" * * *

"The fear (of the company) also takes no account of the obvious duty OF THE PEACE OFFICERS OF THE CITY TO PROTECT THE COMPANY IN ITS RIGHT UNTIL THE ORDINANCE, WHICH IT QUESTIONS, IS TESTED AND DETERMINED."

But let us go further and point out that we have leaned backward in our desire to earn the reputation of law-abiding citizens.

Instead of demanding our legal rights we have allowed those to ride free who have refused to tender more than 3 cents.

We have an abundance of letters to prove that our method of handling this matter has earned us the commendation of a large number of the honest, law-abiding citizens.

We believe that our policy will sooner or later earn us the unqualified support of all lovers of law and order and fair play.

Every Man and Woman Who Believes in Fair Dealing Is Either Paying the Fare Requested by Our Conductors or They Are Acting Under a Misunderstanding of the True Facts.

We ask those who understand the facts and believe in fair play to help convince those who want to be fair, but are misinformed.

We want to win out here by securing the good will of the people and not by an appeal to courts or the police.

Low fares can only be secured by cutting out unnecessary expense.

In some important matters this can only be done with the assistance of the city authorities.

Low fares were secured in Cleveland by constructive action of the city authorities.

We will tell you later some of the steps that were taken.

As an example, over 1,200 stops were eliminated.

You could not have produced the flying machine by drastic regulation **NOR CAN YOU GET LOW FARES AND GOOD SERVICE BY THAT METHOD.**

Yours for law and square dealing,

TOLEDO RAILWAYS AND LIGHT COMPANY.

Gasoline is the greatest conserver of man power and horse feed in the world.

—HENRY L. DOHERTY

CRITICISM NO. 3.



FRANCHISE would be worth fifty million dollars to you, and why should we give you a franchise?"

Another criticism which is easy to answer.

Don't be a bromide.

Think for yourself.

Don't think things and don't say things just because you have heard somebody else say it.

The next time some one tells you that a franchise is worth one million, ten million or one hundred million dollars, just ask the question:

What would a street railway franchise be worth in the city of Toledo with a maximum rate of fare of one cent?

Even a ten-year-old child would know that such a franchise would have no value.

So we find that the value of a franchise depends entirely on the terms of a franchise.

A franchise is simply a contract—the same thing in character.

It can be either a liability or an asset.

TO INSURE THAT THIS FRANCHISE WILL BE NOTHING MORE THAN A FAIR CONTRACT BOTH TO THE COMPANY AND THE CITY WE HAVE PROVIDED THAT THE CITY COUNCIL SHALL FIX THE RATE OF FARE EVERY FIVE YEARS.

The grant of a franchise is not made for the benefit of the company that secures it.

A franchise is granted by a city primarily for the benefit of the city and its citizens.

ANY BENEFIT TO THE COMPANY IS MERELY TO INDUCE THE COMPANY TO FURNISH SUCH SERVICE.

It is intended to be a contract mutually fair to both the city and the company.

A franchise may be best likened to a lease of real estate.

No one could or would accept a lease of a plot of real estate on a day-to-day basis and erect a new building.

No one could or would accept a lease on a plot of real estate on a day-to-day lease and agree to remodel the building that was already there and build each month an addition to the original building.

Cities grow.

A public utility, therefore, is always in the process of being built.

New money must be continually invested.

Cities give franchises for a term of years so this new money can be secured.

It is for the same reason that the private owner leases his real estate for a term of years.

When the owner of real estate leases his property he does not ask that he may retain the control of the property and specify and direct from time to time what shall be built on it and how such property shall be operated.

IN THIS CASE THE CITY DEMANDS THE RIGHT FROM TIME TO TIME TO SAY WHAT EQUIPMENT SHALL BE FURNISHED AND HOW IT SHALL BE RUN.

Our franchise provides that the city shall have this power.

Our franchise provides that the city shall have the power to fix the rates from time to time.

We think that no reasonable citizens can ask for more than we have already conceded.

We also think no reasonable citizen can maintain this grant would carry with it any unwarranted value.

IT IS INTENDED TO PROVIDE FOR A FAIR DEAL TO BOTH SIDES, BUT TO INSURE ITS ACCEPTANCE IT PROVIDES THAT THE CITY WILL HOLD THE WHIP HAND.

JUDGE FOR YOURSELF.

Your cordially,

TOLEDO RAILWAYS AND LIGHT COMPANY.

There is happiness in the knowledge that one can work so well as to give a greater value in the work that is performed than is represented by the wage that is received.

—HENRY L. DOHERTY.

CRITICISM NO. 4.



E don't want to give a franchise to any Wall Street concern."

That is a criticism of the Doherty organization and not of the Rail-Light Company and so I am going to answer it personally.

If a man wanted to deal in Alaskan furs he would not locate in El Paso, Texas.

A man who wanted to go into the tropical fruit business would be foolish to locate in Ashland, Wisconsin.

We choose Wall Street as the best location for our business.

My home was originally in Columbus, Ohio. Afterward it was in Madison, Wisconsin; St. Paul, Minnesota; Quebec, Canada; Denver, Colorado, and elsewhere.

Promotions in our business frequently require a change of residence. As a rule, there is but one company of each kind in a city. If you want to go forward quickly, you can't always wait for promotions in one company—wait for competent men ahead

of you to grow old and die off—you're getting old yourself all the time.

GO WHERE OPPORTUNITY AWAITS

So as I progressed from workman to foreman, from foreman to superintendent, from superintendent to manager and from manager to president, I HAD TO GO WHERE THE OPPORTUNITY OFFERED.

I wanted to go into business for myself and build and operate hydro-electric power plants, street railways, gas companies, etc.

I had to locate some place.

Where would you have gone?

Columbus, Ohio? Not on your life.

I WANTED TO GET FIRST CHANCE TO BUY ANY GOOD PROPOSITION THAT CAME INTO THE MARKET.

IF THERE WAS A BIG HYDRO-ELECTRIC POWER PLANT TO BE FINANCED AND BUILT IN SOME WESTERN STATE DO YOU THINK THE PROPOSITION WOULD BE BROUGHT TO COLUMBUS OR EVEN TO TOLEDO?

Not much.

It would go to New York City and not much time would be lost in uptown New York, either.

WALL STREET WOULD BE THE OBJECTIVE POINT

WALL STREET IS THE BEST KNOWN STREET IN THE WORLD

I figured that a well-known location was a good asset to a new concern.

When I say my office is at 60 Wall Street everybody knows where that is without thinking of any other address.

Wall Street is the best known, but the least understood, street in the world.

The popular idea is that Wall Street consists of the Stock Exchange, a herd of bulls and bears and a few brokerage houses.

NEVER IN STOCK EXCHANGE

I pass the Stock Exchange twice a day when I am in New York and I was never even inside of it.

I NEVER BOUGHT A SHARE OF STOCK ON MARGIN IN MY LIFE

No company that I control ever had its stock listed on the New York Stock Exchange, except the Toledo Railways and Light Company.

ONE OF THE FIRST THINGS I DID WAS TO APPLY FOR THAT LISTING TO BE CANCELED.

There is a great big army of busy men in Wall Street who have about as much connection with the Stock Exchange and stock speculation as I have.

Curiosity has drawn most of them into a visit to the Stock Exchange. Curiosity has caused many of them to speculate from time to time, but their real business has nothing to do with the Stock Exchange, stock speculation or things of that sort.

In the Wall Street district or within easy call will be found world famous experts in every branch of business and the sciences relating to business and industry—chemists, physicists, engineers, accountants, lawyers, etc.

All of the big machinery and equipment manufacturers have their principle office or an important sales office there.

WALL STREET NOT ALL SPECULATION

The newspapers tell you of the bonds and stocks sold each day, but tell you nothing of the machinery that is purchased, the steel rails, the car equipment, etc., etc.

The equipment and commodities bought and sold each day for exportation to all parts of the world is alone enormous.

The Wall Street district is 75 per cent ordinary constructive business and 25 per cent dealing in securities. Certain kinds of business can only be conducted with the most efficiency in New York and in the Wall Street district.

To attempt to do business like ours elsewhere is to accept an unnecessary handicap.

CONTROL OF BIG BUSINESS

Big business is always going to exist.

OURS IS A BIG COUNTRY AND DEMANDS BIG RAILROADS SYSTEMS AND BIG INDUSTRIES.

We have big cities and they demand big power and street railway systems.

SOME ONE MUST CONTROL EACH BIG BUSINESS

That somebody or somebodies can just as well come from the wage earning classes.

Of course, the man born to the position of control is not going to lay awake nights to help the wage earning class to climb in.

But it's pretty tough on the wage earner who wants an equal chance to control big business when he is opposed not only by those already in control, but by his own class as well.

PLEASED WITH TREATMENT HERE

On the whole, I have received splendid treatment here.

Now and then some harsh comment is made.

CONSTANT EFFORT IS MADE BY SOME OF MY OPPOS-
NENTS TO PREJUDICE AND POISON THE MIND OF THE
PLAIN PEOPLE AGAINST US.

Bryan would say, "The Common People."

Well, I'm one of them myself.

I HAVE CARRIED MY DINNER IN A PAIL AND EATEN
IT WITH THE OTHER WORKMEN.

And I could do it again.

The men in my organization are the same type.

We have no bone to pick with those who were born rich.

We have sought to build an organization of men of vigor and
vitality AND WE HAVE HAD TO FIND THEM AMONG THE
PLAIN PEOPLE.

If we cannot have the support of the plain people we have no
right to expect it elsewhere.

PLAIN PEOPLE SHOULD SUPPORT OWN CLASS

If the plain people will not assist and support the people of
their own class who aspire to the control of big business, then
they deserve to have big business become a matter of heritage
rather than a matter of merit.

Most men think that when they have made a little money
they must have a country house, a town house, a yacht and a
flock of automobiles.

WELL, I HAVE NONE OF THESE THINGS—NOT EVEN
AN AUTOMOBILE. NO, SIR, NOT EVEN A FORD.

I live in the same apartment I had when I worked as an en-
gineer on a small salary. It still has the same old furniture in it.

WALL STREET! FORGET IT!

I am there because I have to be there.

IF A SETTLEMENT OF THE STREET RAILWAY PROBLEM IS REACHED, I WILL MAKE WALL STREET WORK FOR
THE BENEFIT OF TOLEDO.

Yours cordially,

HENRY L. DOHERTY.

CRITICISM NO. 5.



HE street railway company should be owned by the city or a corporation whose stock is owned by Toledo citizens. We don't want New York people to own our street railways."

Probably no city can ever provide the necessary capital among her own citizens to finance all the great enterprises in that city.

Your Commerce Club and other civic organizations have as their chief undertaking attracting new capital to Toledo.

If that organization knew tomorrow that it could secure several outside capitalists to locate a factory in Toledo, the officers would leave no stone unturned to get them here.

Isn't it even more essential that capital already located in Toledo be treated in a way that will in itself be the means of inviting others to locate here?

We have already spent over a million and a half dollars in new improvements in the year we have been here.

IF WE CAN AGREE WITH THE CITY ON THE FRANCHISE QUESTION WE WILL HAVE TO SPEND AT LEAST TWO MILLIONS IN IMPROVEMENTS THE VERY FIRST YEAR.

ALL TOLEDO BENEFITS

Is there any man in Toledo who will say that an influx of foreign capital into the city will not benefit every avenue of trade here?

Where will all this money go?

There is hardly a merchant in Toledo who won't get some of it.

The old Pope-Toledo plant lay idle in Toledo for a long time. Local capital could have secured it for little outlay.

BUT IT TOOK AN OUTSIDE CAPITALIST WHO HAD BIG VISIONS, DREAMED GREAT DREAMS, TO MAKE POSSIBLE ONE OF THE WORLD'S GREATEST INDUSTRIES.

Foreign capital poured into Toledo, advertised the city the world over—made it an industrial factor.

Was that a good thing for Toledo?

Does anybody suppose that such a great industry as the Ford Glass Works could ever have been built in Toledo on local capital?

Suppose the electric light company had been owned by Toledo people.

Does anyone think that over 60,000 Mazda lamps would have been added to the downtown illumination within one year?

It is only a large company, operating many utilities, such as ours, that can employ the most skilled experts that no local company, or a company operating only one plant could possibly afford.

In every city there is constantly a multiplicity of things that call for local capital. New industries would often locate in a city if they could get financial assistance from the people of that city.

SUPPOSE YOU TAKE TEN MILLION DOLLARS OUT OF THE CITY OF TOLEDO TO INVEST IN A STREET CAR SYSTEM.

NEED OUTSIDE CAPITAL

HOW MUCH IDLE CAPITAL DO YOU THINK THERE WOULD BE LEFT IN THE CITY TO TAKE CARE OF THE MANY WORTHY PROJECTS THAT CONSTANTLY REQUIRE THE HELP OF A COMMUNITY?

Any community that tried to depend entirely on its own resources, that tried to finance every deal itself and did not go on the outside and induce capital to come in, would never get very far.

OUTSIDE CAPITAL MEANS NEW BLOOD, NEW LIFE—MORE PEOPLE AND MORE MONEY IN THE CITY.

The great cities of the West have been built because the eyes of eastern capital were turned toward them.

TOLEDO HAS MANY AND VARIED INDUSTRIES BECAUSE HER WONDERFUL GEOGRAPHICAL LOCATION HAS ATTRACTED THE EYES OF OUTSIDE CAPITAL.

Welcome the men or the companies who have faith enough to come into your city to furnish the money to make your transportation system a great credit to your city.

The street railway system is the main artery of trade. It cannot give the service Toledo needs without the help and co-

operation of all, and there should be encouragement on every side.

Make Toledo a place where all honest outside capital is welcomed, where stumbling blocks are not placed in the pathway of progress, where prejudice against men of business is not allowed to poison the minds of the people, and then see whether Toledo will not take the place among the great cities of the lakes that she should have occupied long ago.

CAPITAL DEVELOPS INDUSTRY

TOLEDO MUST HAVE CAPITAL TO DEVELOP HER MARVELOUS RESOURCES. WHERE ELSE CAN SHE GET IT UNLESS THE INDUCEMENTS HELD OUT ARE STRONG ENOUGH TO ASSURE THOSE WITH MONEY THAT TOLEDO STANDS READY TO HELP THOSE WHO HELP HER?

That should dispose of the contention that the street railway system should be owned by Toledo citizens.

But if it does not, let us add this:

If the Toledo citizens want the street railway property, we will sell it to them by arbitration.

THE ONE THING TOLEDO CAN'T AFFORD TO DO IS TO MAKE IT IMPOSSIBLE FOR ANYONE TO PROVIDE THE FUNDS NECESSARY TO KEEP PACE WITH THE GROWTH OF THE CITY.

If Toledo suffers for many years because it lacks adequate transportation, it will not be our fault.

This is a matter which concerns the welfare of the city of Toledo and every citizen.

THINK IT OVER AND THEN

Judge for yourself.

HENRY L. DOHERTY AND COMPANY.

The public as a rule hates a corporation. Therefore I insist that we—the employes of the corporation—must constantly be on our guard not to offend the public—we must be right—demonstrate every day that we are trying to do right.

—HENRY L. DOHERTY.

CRITICISM NO. 6



FRANCHISE should not be given to any private corporation. Private corporations are for private profit."

As long as capital can be invested with the expectation of profit, it will be so invested.

When a profit is denied capital in one line of business it will leave that business and go to some other line.

WHEN CAPITAL IS DENIED A PROFIT IN ONE CITY, IT WILL GO TO SOME OTHER CITY.

When capital is denied a profit in one country it will go to another country.

Trying to make capital take less than it can command elsewhere is the chief occupation of a large group of misinformed reformers.

Often they carry it to such an extent that for EVERY DOLLAR THEY SAVE THEIR COMMUNITIES THEY CRUCIFY A THOUSAND DOLLARS' WORTH OF OPPORTUNITIES.

This is a policy that saves at the spigot and wastes at the bung.

This country needs half again as much mileage of steam railroads as it now has.

BUT REMEMBER THIS

As long as the public insists that a railroad system can never be worth more than it costs to build, we are not likely to get the railroads we need.

If some of these railroads were built it would add in the adjacent land value alone at least \$3 for every dollar that the railroad would cost.

Men and capital could probably be found to build these railroads if they could have some of the profits they would create, BUT THEY ARE TOLD BY SELF-STYLED DICTATORS OF PUBLIC THOUGHT THAT THEY CAN HAVE NOTHING BUT A NOMINAL RATE OF INTEREST ON THE ACTUAL PHYSICAL VALUE OF THEIR PROPERTY.

And then we wonder why the country doesn't grow and prosper as it should.

ISN'T IT PLAIN?

We wonder why business is not better.

We wonder why there is a large army of unemployed.

I wonder why we wonder.

I can't see the riddle.

The country cannot grow and prosper without railroads.

WHY SHOULD MEN BUILD THE RAILROADS AND ACCEPT THE RISK OF LOSING THEIR CAPITAL IF IT PROVES A BAD INVESTMENT, WHEN THEY ARE DENIED A PROFIT IF IT MEANS A GOOD INVESTMENT?

Every day this country is losing brains, industry and capital to other countries.

When I go out to raise money for my public utility enterprises I often find myself in competition for capital with Dr. F. S. Pearson and Percival Farquhar.

These two men are empire builders.

They are both Americans.

They have probably raised over two hundred and fifty million dollars of new capital in the past five years.

Very little of this capital is used to develop the United States.

DRIVING CAPITAL AWAY

These men are building railroads in other countries, principally in Brazil and Argentine.

IT IS, INDEED, TO BE REGRETTED THAT AMERICAN BRAINS, AMERICAN ENTERPRISE AND CAPITAL THAT SHOULD AND COULD BE USED TO DEVELOP OUR COUNTRY IS USED ELSEWHERE—BUT CAPITAL TENDS TO GO WHERE IT IS MOST SOUGHT.

If Pearson and Farquhar were operating in this country they would probably be confronted at every turn with drastic criticism and drastic legislation.

I sometimes envy them the praise, support and encouragement they get in other countries.

BUT I HAVE UNBOUNDED FAITH IN THE ULTIMATE GOOD SENSE OF THE AMERICAN PEOPLE.

I cannot believe that the word promoter as applied to the man who creates and builds, the man who stimulates business and industry, will always be used as a slur.

Let us hope that, instead of driving more men of brains and enterprise out of our country, we will even bring back those who have left us.

How To Do It

THE BEST WAY TO DO THAT IS TO ENCOURAGE AND STIMULATE THOSE WE STILL HAVE WITH US.

Drastic legislation can easily keep capital out of any community.

Drastic legislation cannot compel capital to come into any community.

Toledo should have a minimum of 200,000 more people in the next twenty years.

There should be an increase of at least \$50,000,000 in real estate values exclusive of improvements.

THE GREATEST FACTOR IN CREATING THESE VALUES WILL BE AN ADEQUATE TRANSPORTATION SYSTEM.

No one can provide such a system on a day-to-day lease.

Capital cannot be found to develop the street railway system of Toledo if it cannot be safely and profitably invested.

CHEAPNESS OFTEN COSTLY

THE GROWTH OF TOLEDO AND THE MILLIONS OF INCREASED VALUES THAT MIGHT BE CREATED CAN BE MADE LARGELY IMPOSSIBLE BY THE FALSE ECONOMY OF SHAVING STREET RAILWAY FARES JUST THE FRACTION OF A CENT THAT MAY MEAN THE DIFFERENCE BETWEEN SUCCESS AND FAILURE—CREDIT OR BANKRUPTCY.

Don't say, "Why should we worry?"

The solution of this matter is important to every citizen.

The people of this country think that the only people who need worry over the lack of new railroad building are the railroad builders.

Just as long as they think that way they won't get the railroads they need.

Yes, "private corporations are for private profit," or, to be more correct, capital is wanted in many places and a liberal reward will be paid.

Therefore, HOW LONG CAN WE EXPECT CAPITAL TO SERVE OUR MEANS WITHOUT PAYING IT SOME REWARD?

Think it over, and then—

JUDGE FOR YOURSELF.

Yours cordially,

HENRY L. DOHERTY.

CRITICISM NO. 7.



YOU are simply hired to get the franchise and at the end of five years you must turn the property back to the old owners and we don't want anything more to do with them."

There is nothing true in the above statement.

How long we remain in Toledo is a matter between the people of Toledo and ourselves.

Nobody else will ever attempt to say whether we shall stay here or not.

AS FAR AS WE ARE CONCERNED WE ARE HERE TO STAY

If the people of Toledo prefer someone else rather than us, then this property would be worth more to that someone else.

GOOD WILL BUSINESS

A public utility has a certain value for its monopoly business.

Monopoly business is the kind that the public utility gets whether their patrons like them or not and only that much. In other words, it is the very least amount of business the public utility can possibly get.

The old school of public utility people thought this was all the business that could possibly be secured.

THE NEW SCHOOL KNOWS THERE IS A WORLD OF BUSINESS THAT IS NOT MONOPOLY BUSINESS.

IT IS GOOD WILL BUSINESS.

Good will means more business more profits, less trouble and more happiness.

So a public utility business has an added value if it has the public good will.

ELECTRIC SIGNS GOOD WILL BUSINESS

A year ago you would have laughed at us, probably, if we had told you there was a world of electrical business in Toledo that could only be had as a matter of good will.

And yet we are getting it every day.

Watch the new electric signs that are going up every day, week in and week out.

Watch the brilliant illumination of store windows—the outlining of buildings in light.

Every one can see this for himself and yet there is a most important part that you cannot see.

Hundreds and hundreds of modest homes are being equipped with the comfort, convenience and cleanliness of electric service.

Shops and factories are every day being equipped with central station electric power.

So you can see by this that a public utility business has an added value if it has the good will of the public.

ARE LARGEST STOCKHOLDERS

While we do not own an actual majority of the capital stock of the company we are the largest single stockholders.

There are nearly five hundred outside stockholders scattered all over the country.

They are plain people and just the kind that ride on the Toledo street cars every day.

IF SOME OF THE OLD CROWD WERE TO ATTEMPT TO GAIN CONTROL OF THIS COMPANY, WHO DO YOU THINK THOSE OUTSIDE STOCKHOLDERS WOULD SUPPORT—DOHERTY & CO. OR THE OLD CROWD?

Correct. You're a good guesser.

CONTROL VOTING TRUST

The majority of the capital stock is held by a voting trust for five years.

We control the voting trust.

As a rule, we own a majority of the stock of the other public utilities we control.

But you have to make a beginning somewhere, and in many of these other utilities, we started with an ownership of only 5 or 10 per cent of the capital stock.

Regardless of the ultimate ownership of the control of the capital stock of this company, the result will be the same.

EMPLOYEES WILL PREFER NEW METHODS

Long before the expiration of this five year period the plans and ideas of the Doherty Organization will become second nature to all employees.

Every employee will prefer to do business on the plan of the best of our private merchants.

Depend for patronage upon good service, square dealing and the friendship of the patrons.

This lesson, once learned, is not soon forgotten.

It pays when judged even from a dollar and cents standpoint alone.

But, better still, it "PAYS A DIVIDEND IN HUMAN HAPPINESS" that no rate making body can take away from you.

MAKE BUSINESS PLEASANT

Our fundamental idea is to make business as pleasant as possible.

The man who can get both his living and happiness out of his business is indeed fortunate.

Lots of them could do it if they just thought so and would try.

NO, WE ARE HERE TO STAY, AND NO POWER IS GOING TO GET US OUT UNTIL WE ARE CONVINCED THE PEOPLE OF TOLEDO DON'T WANT US.

Sticking on the job is one of the best things we do.

Yours Cordially

HENRY L. DOHERTY & Co.

A few irresponsible, hot-headed fools can generally make trouble.

—HENRY L. DOHERTY.

CRITICISM NO. 8



OUR company is overcapitalized and we don't want to pay interest on watered stocks and bonds."

Our Proposed Franchise Is Now in Street Car Boxes. Read It and Give Us Your Opinion.

If you mean that stocks and bonds have been issued for more than was spent to build the property, the answer is—yes.

The present owners of the property had no part in doing this.

Rates of fare are not based on capitalization.

Not one dollar has been taken from the people of Toledo on account of any capitalization in excess of cost.

Not a cent has ever been charged by the company for street railway fares in excess of the moral and legal right of the company.

Less has been charged than the company was entitled to receive.

It was the bondholder and the stockholder that suffered by overcapitalization and not the street car patron.

Those who get their living by stirring up every man to hate his neighbor will tell you a different story, but it won't be true.

It may sound true, because this is one of the many errors that has been accepted by the majority of people as a truth.

If you rented a dwelling tomorrow worth \$2,500 and agreed to pay \$25 a month rent for it and your landlord mortgaged it for \$4,000, would this be an injury to you?

If you continued to pay \$25 per month, and no more, in what way would you be injured?

To say that the \$4,000 mortgage would prevent the landlord from keeping the house in proper repair or furnishing proper service of any sort is pure bunk.

There are lots of landlords who won't keep their houses in repair or give proper service who have not one dollar of mortgage on their property.

It would be the fellow who bought the mortgage that would be entitled to do the "cussing."

The street railway company contracted to carry passengers at a given rate of fare; and it never charged more.

On account of public prejudice it was compelled, at least for part of the time, to take less.

To talk about repairs or service is simply an attempt to confuse the issue.

Absence of excessive capitalization neither insures proper maintenance nor proper service.

In addition to these facts, the Toledo properties have not paid, for many years, in either dividends or interest, or the sum total of both, an amount which would equal interest on the actual cost to build the property.

That statement will be such a great surprise to you that you won't believe it. But it's true, nevertheless.

It is wonderful what respectability and untruth can acquire if it is told long enough and often enough.

We are not here to excuse, justify or apologize for anything that has been done in the bonding or the capitalization of the local companies.

But we don't want to see a public error go unchallenged that stands in the way of bringing to Toledo a proper growth and greater prosperity.

We will undertake, as soon as business conditions will warrant, to finance and build an important interurban railway from Toledo to a neighboring city, if this popular error does not prove insurmountable.

Even if the road should prove a financial failure, it will add much to the business prosperity of Toledo.

It will make the property along the way much more valuable.

If, by law, public regulation or public opinion, this road shall be limited to a value that shall not exceed its cost, how can we build it?

If a dollar in hand can be made worth no more than one dollar when put into railroad property, how can we ask our clients to put up the money?

It may prove to be worth less than a dollar, but it can't be worth more.

Property along the road may be made worth more by 100 per cent to 1,000 per cent.

The railroad does the trick.

The real estate owner walks away with the profit.

Twenty-five years ago, when the present street railroad franchises were granted in Toledo, the promoters thought they were going to be allowed to earn all they could.

They thought the roads would be worth more than they would cost to build.

They never would have built them if they had thought the best they would get would simply be to trade dollars.

With the continued growth and increased prosperity of Toledo in the minds of the builders, the street railways were bought and sold and capitalized for what they believed they were worth.

The fashion changed.

The public said you are not entitled to any of the so-called "unearned increment."

In other words, you are not entitled to share in the immense values you have helped to create.

These men have been held up to public ridicule.

No doubt some people think their acts were criminal.

What they were depends upon their intent.

If they were insincere, or if they intended to defraud, then they deserve all the censure they got.

Did they intend to defraud?

I hope not.

One secret of personal happiness is to try and concede good motives rather than bad motives to others.

The evidence of good motives is in their favor.

If they had enough faith to put their money into a street railway property in Toledo it was because they believed in the future of Toledo.

If they could have foreseen the attitude of the public a quarter of a century in advance, they would have said:

“Let’s find a sucker or a philanthropist to build the railroad and we will buy the real estate.”

If they had put this same amount of money into real estate, it would have now been worth—what?

Do your own figuring.

We don’t want to give you another surprise that will tax your confidence.

It is safe, however, to say that if the real estate they would have bought at that time was now mortgaged for double what the railroad is mortgaged for, these men could live among you and have not only the respect of the community, but its admiration.

Yes, the property has bonds and stock outstanding for more than it cost.

The men who built and have since furnished the money to build the railroads made several mistakes.

FIRST—They should not have put their money into a class of property that the public should later say could not be worth more than it cost.

SECOND—They valued their property at more than it cost, and presumably because they thought it was worth more. They must have thought it would be worth more than it would cost or else they would not have put their money into it.

AND THIRD—They sold these securities to many innocent holders.

The people of Toledo say that the people who bought these bonds and stock must take their punishment.

We have agreed that nothing shall be considered but the value of the property in fixing future rates.

But the city and the citizens ought to at least accord to the present owners a reasonably fair deal and with reasonable promptness.

Mistakes should not be painted as crimes and then played up to prejudice and poison the minds of the unthinking people.

The people of Toledo should do themselves the justice of expressing their disapproval of anything that partakes of the confiscation of this property, whether attempted by direct or indirect means.

We have not lost faith in the public, but we think mistakes have been made on both sides.

Let us get these mistakes behind us.

We are trying to make the people think.

Our opportunity—all of us—is in the future, when we can work under some plan fair and equitable to all—and the street railway will be the center of a comprehensive interurban system, adding to the comfort, convenience and prosperity of all the people of Toledo.

Yours cordially,

HENRY L. DOHERTY.

If the workers of the country should save 10 per cent of their salaries and wages, and these savings were invested at 6 per cent interest, they would, in a single generation, accumulate more wealth than has been accumulated in all of these centuries and all these generations.

—HENRY L. DOHERTY.

CRITICISMS NOS. 10 AND 11.



HY should the poor man who cannot buy 15 cents' worth of tickets be compelled to pay a 5-cent fare?

A straight 5-cent fare should be charged all who buy less than twenty tickets. The more 5-cent fares, the lower will be the fare to the regular riders. Strangers in the city and those who use the cars only occasionally should be compelled to pay a 5-cent fare.

There are people who probably think we provide for a cash fare of 5 cents just to "put something over" on the people of Toledo.

The real fact is that this is one of the things we have provided to secure low fares for the regular patrons.

We have two kinds of patrons—the regular rider and the occasional rider. You can't afford to maintain a street railway system for the people who use it only occasionally and purely for convenience.

Toledo has thousands of transients, especially in the summer time.

They come and go and only use the cars a very few times and then only to suit their pleasure.

A fare of 5 cents for them is a cheap fare.

For the distance they ride, a taxicab would cost them a dollar.

The more 5-cent fares that are paid by the occasional rider, the cheaper will be the fare to the regular rider or else the better will be the service.

The rate of fare and the quality of service are inseparably related to each other.

THERE HAS BEEN TOO MUCH TALK ABOUT LOW FARES AND TOO LITTLE THOUGHT ABOUT SERVICE.

A fraction of a cent will mean the difference between good and bad service.

The city officials and the newspapers can't say just what the people want in the way of service.

They never have really tried to find out what they do want.

Regardless of what they want now, we think their ideas will change.

Just think of the things we used to regard only a few years ago as luxuries that we now consider necessities.

Why should your representatives insist upon making good service impossible?

No, we're not trying to "put something over" on you.

We're trying to make it possible for you to have what you want.

We don't think it is possible for a handful of men to say what you want five, ten or twenty years from now.

Our business is to study problems of this character.

The street car patron has his own business to study and think about.

It is "up to him" to know what his patrons are going to want before they come and make some demand he cannot supply.

We are trying to do the same thing in our business.

We think the man who uses the cars only as a matter of convenience should pay 5 cents.

It doesn't take much brains to understand that if the occasional rider pays 5 cents, the regular rider can secure either lower fares or better service.

Whether five tickets shall be sold for 15 cents or ten tickets for 30 cents, is a matter of opinion.

In trying to collect 5 cents from the occasional rider we do not want to make the investment in tickets too high to bar the poorest of the regular riders from getting a low fare.

If we must err in our judgment, let us err on the side of the poorer people.

And this reminds us of another thing, **WE CAN'T DRAW A FRANCHISE THAT WILL SUIT EVERYBODY, AND NOBODY ELSE CAN.**

Let's say there are 200,000 people in Toledo.

Now to draw a franchise that would please everybody in every particular would probably require 20,000 franchises.

Nothing is ever put through to suit everybody.

The really big man looks for net results and the small man splits hairs.

The one thing the people of Toledo can't afford is to have this matter remain unsettled.

Some one must be prepared to provide an adequate transportation system that will not only take care of the growing population of Toledo, but will anticipate the needs of the city and thereby encourage this growth.

By new improvements, new apparatus and new ideas YOU CAN RIDE IN TOLEDO TWICE AS FAR, TWICE AS COMFORTABLY AND TWICE AS SWIFTLY AND MORE SAFELY THAN YOU COULD TWENTY YEARS AGO, AND INSTEAD OF THE PRICE OF CARFARE INCREASING IT HAS MATERIALLY DECREASED.

We want to be in a position to adopt new improvements, buy new apparatus and adopt new ideas.

We can't do this on a day-to-day lease.

Our plan of a franchise insures to the people of Toledo the benefits of the new ideas and new improvements.

Whether we sell five tickets for 15 cents or ten tickets for 30 cents is not vitally important. It is a detail only.

Whether the people get one hundred additional cars now and more and more from time to time, or wait two years before any more cars can be purchased is not a detail.

It is a question of present service and better service.

The same mail that brought Criticism No. 10 brought us No. 11, and you see how they answer each other.

We are rather inclined to side with the author of No. 11, but advise against making any non-essential changes.

It shows that our Publicity Forum has set them thinking out these problems for themselves.

That's what we want.

We are putting our franchise into every home—we are putting our franchise in all the cars.

Does that look like the old methods of some corporations which tried to "shove things across" without taking the people into their confidence?

Shoot the criticisms at us. 'The more the merrier.

We want to find out what you think about our proposition and our methods of presenting it.

Don't be afraid we'll dodge.

We're here to stay and we know after you get acquainted

with our methods THAT YOU ARE GOING TO LIKE US, FOR
WE'LL WORK WITH YOU SO THAT
WE'LL ALL DO BETTER IN TOLEDO.

Yours cordially,
HENRY L. DOHERTY AND COMPANY.

One of the great reasons of inefficiency is because
big problems are not promptly settled.

—HENRY L. DOHERTY.

CRITICISMS Nos. 12 AND 13.



OUR franchise gives the city full control over the service and I think this is a mistake.

We are assured of better service, but there is nothing said in regard to how much better service we will get or what the different schedules will be on the different lines.

We are giving the city full control of our service, not because we want to or because we think it is wise, but because the city officials demand that they be given full control of our service.

We think some modified form which provided for joint control would be much better all around, but we do not intend to let anything that is possible for us to do or to grant stand in the way of the settlement of this problem.

The city is entitled to exercise a certain control over our service.

If there is a conflict of opinion or a difference in judgment, the matter should be decided by giving the city broader, rather than a lesser control.

But with this control of service there must go the responsibility that will insure the proper exercise of this authority.

BETTER AND BETTER SERVICE MEANS HIGHER AND HIGHER OPERATING EXPENSES.

The city officials say: "We must have power to order you to give such service as the people want."

We say: "All right, but if you reserve the right to say what the service will be, then you must accept the responsibility for fixing the fare from time to time so that the fare will be commensurate with the service you insist that we give."

COULD ANYTHING BE FAIRER THAN THAT?

We don't think it is either practical or fair for the city authorities to reserve the right to order us to put on more cars, increase our schedules and things of that sort and yet take no responsibility for fixing the rate of fare.

What do YOU think about it?

Are we right or wrong?

Tell us just what you think of it.

That is what this Publicity Forum is for.

When the patrons of any line demand better service there is no reason why the city officials should not give it to them if it does not mean that someone else must pay for it.

If the city officials are responsible, not only for the service, but also for the rate of fare, they have an unanswerable defense against unwarranted demands.

They can say: "No, you are getting all the service the patronage of your line warrants."

"If we give you more service than you are entitled to, we will have to give it to others and that will mean an increased fare for all the street car patrons."

We don't want to play either side of the game—"Heads, I win; tails, you lose."

**WE ARE TRYING TO MAKE AND GET A FAIR BARGAIN
—NOT A ONE-SIDED ONE EITHER WAY.**

We are in the unfortunate position of having our prices fixed by the voters of the city, and the voters are our customers.

So our customers say what our charges shall be.

**HOW WOULD YOU LIKE TO HAVE YOUR CUSTOMERS
GET TOGETHER AND FIX THE PRICE AT WHICH YOU
WOULD HAVE TO SELL YOUR GOODS OR YOUR SERVICE?**

The thought of it scares you, doesn't it?

Do you realize that the only element of protection we have is the public sense of fair play?

Do you belong to those who stand for fair play?

If you do, how strong are you for fair play?

We hope you stand for fair play strong enough to demand it from your friends and associates.

We want the city to take a certain responsibility for control of our service.

If we have to choose between no control and too much control on the part of the city we would choose the latter.

The people of Toledo are demanding low fares and we are anxious to give them what they want.

TO SECURE THE LOWEST RATE OF FARE REQUIRES A SAVING IN OPERATING EXPENSES.

That means a change in our system, a lesser number of stops and things of that sort.

These things we can only do when backed up by the city.

We want someone to help share the complaints.

We have had lots of oratory and ink-slinging on low fares, but that is not the way to get them.

If the Willys-Overland could build just as good a car as they do now and sell it for \$500, it would probably suit some patrons better.

Passing ordinances in the city council won't give you an Overland car for \$500.

The splendid car they now build--and at a surprisingly low cost--was not made possible by oratory or ink-slinging.

IT WAS DONE BY SPLENDID PLANNING, SKILLED WORK AND INCREASING INDUSTRY.

That is the way we must get service and low fares.

We want the city officials to help shoulder the responsibility and go at it in a practical way.

In answer to Criticism No. 13, we want to impress on all that the number of cars that can be operated depends upon the traffic.

As the number of riders increase, the number of cars can be increased and the time between cars lessened.

Proper service cannot be expressed in schedules to be maintained for several years in advance.

This is one reason why the city demands control of the service and the reason why we admit they are entitled to some control over the service.

We are simply saying to the city and to our patrons:

"We want you to cooperate with us and help us give the very best service it is possible for Toledo to have, but in order to do that you must shoulder a like responsibility and regulate our fare in order to make such service possible."

We can't see why that isn't as fair as it could possibly be made.

WHAT DO YOU THINK ABOUT IT?

Yours cordially,

HENRY L. DOHERTY AND COMPANY.

Those who do the least for the world's advancement are the ones who complain the most.

—HENRY L. DOHERTY.

CRITICISM NO. 15



OMEN earning a living washing and day housecleaning and all cripples by loss of one hand or one foot, and the blind, shall be allowed to have all the privileges of transfer and be returned on employe transfer, making the round trip for 5 cents."

CRITICISM NO. 16

"The Company should carry district nurses free."

CRITICISM NO. 17.

"Postoffice employees should be allowed to ride free. It would facilitate delivery of mail."

CRITICISM NO. 18

"Why carry policemen, firemen or detectives free any more than any other city official or any other person? They all get good pay and should pay their own fares. If they are out on business for the city, then fares should be paid by the city, and then the burden would fall on the general taxpayer and not simply on the street car patrons. Why should the poor man who rides on the car have his fare increased to provide free rides for anybody, when the automobile owner escapes this taxation?"

The street car is the poor man's carriage.

It is commendable to be charitable, but each of us should be charitable at our own expense.

It is the duty of the company and the city officials to cut down free riding to the lowest possible point.

It is an easy matter to justify free riding for this class or that class until the load on the pay rider becomes intolerable.

When Raymond Hitchcock played "The Yankee Consul," he used to go into the club, buy drinks lavishly and when he signed the check, say gleefully,

"Thank Heaven, that bill's paid."

That line always got a big laugh.

The audience knew he would have to dig up for the real coin of the realm at the end of the month.

Well, the people who advocate free rides forget that somebody has to dig up the real coin of the realm to pay the expenses.

Free riding means that somebody who should pay the bill doesn't—and someone who should not pay the bill, does.

FREE RIDING MEANS THE PLACING OF BURDENS WHERE THEY DON'T BELONG.

If one particular class of people that is worthy of assistance is entitled to ride free or at reduced rate, then every other class is.

THE PLACE TO DRAW THE LINE IS THAT THERE SHALL BE NO FREE RIDING.

We have agreed to carry policemen, firemen and detectives free.

Perhaps we were afraid to fly in the face of long established custom.

We also admit a certain admiration for the danger of these men's duties.

It is true the street car patrons must pay the bills.

But we have cut free rides pretty low—too low for us to be popular, and the cost to carry these few free rides is a negligible quantity.

These men have always had this privilege and we can at least argue that they have not abused it.

We have made vast strides as compared with the free list of the steam railroads of a few years ago.

Free rides was the method used by the corporation to secure popularity.

We put these men in the class of free riders, and with proper restrictions, on the theory that we are trying to bring about ideal conditions by evolution rather than by revolution.

By evolution we mean to secure for the people of Toledo the best possible street railway service at the lowest possible cost.

We believe attempts at revolution mean waste rather than haste and sound and lasting benefits are only secured by evolution, aggressively pushed.

Yours cordially,
TOLEDO RAILWAYS AND LIGHT COMPANY.

Sometimes when I get a new wound or some acid on an old wound I wonder why there are so many critics in the world and so few builders, and then when I think how easy it is to be a critic and how hard it is to be a builder I wonder that we have so many builders and so few critics.

—HENRY L. DOHERTY.

The attitude of two of the Toledo newspapers appeared to be very critical toward the proposed franchise and Mr. Doherty was very anxious to get them to take part in the framing of a proper franchise. With this in mind, he wrote the following letter:

Toledo, June 24, 1914.



HONORABLE CARL H. KELLER, *Chairman*, and
Honorable Members of the Franchise Committee.
Gentlemen:

You have no doubt noticed a number of editorials in the *Blade* relating to the street railway controversy and you have probably noted a still greater number of editorials in the *News Bee* relating directly or indirectly to the street railway controversy.

While we may have been unable to agree on all matters, we think we will all agree that these editorials have shown a woe-ful lack of knowledge about the real situation.

However, these newspapers seem bent on shaping public opinion according to their own ideas without regard to the facts.

While other citizens have contributed their time and thought to the work being done and have appeared before your Committee in person or through their attorneys, as far as we know, the representatives of these papers have not appeared before your Committee.

It seems to us self-evident that if these newspapers wanted a settlement of this problem, they would have been represented at these meetings by people competent and authorized to represent them in an endeavor to frame a proposition fair and beneficial to the city.

We do not want to do either of these papers or their editors an injustice, but we are bound to conclude from their conduct thus far that they do not want to see a settlement of this matter, no matter how advantageous it may be to the city, but want to see a continuation of the controversy.

It is absurd for them to sit back in their easy chairs while these negotiations are going on with the expectation that if an agreement is reached, they can then criticize what has been done.

The street railway controversy must be settled as a matter of public policy.

If Toledo is to grow and prosper it must have an adequate transportation system.

No one can provide such a system under present conditions. To insure such a transportation system for the interest of Toledo, some definite and affirmative action must be taken.

So far as we know, neither of these papers has contributed or attempted to contribute anything toward bringing about this definite affirmative action.

Other citizens who have the welfare of the city at heart have appeared before your Committee at its numerous public meetings and have themselves or through their paid attorneys watched the proceedings to see that the City's interest was properly guarded at every point.

If the *Blade* and *News Bee* have the interest of the city wholly at heart, we think they would have been represented at the first of these meetings with some constructive proposition.

Of course we realize that such an act would have meant both time and expense to them.

We also realize that such a policy might have taken away from them an otherwise unnecessary issue on which to sell newspapers.

But this problem is one that concerns the welfare of the City and they, as good citizens, should for once at least have been willing to make some small sacrifice for its solution.

As they have not seen fit in all of the weeks to contribute anything toward the settlement of this problem, we respectfully request your Committee to ask them to appear, through competent representatives, at a meeting to be held by you and to be fixed at an early date and to state definitely—

(A) Whether they want or do not want a settlement of this controversy.

(B) What objections they have to the settlement agreed upon between us as far as we have been able to agree.

(C) What definite changes they want made to any portion of the agreement we have so far reached.

They seem to have a good many ideas and a good deal of venom.

Perhaps their ideas would be of value to you, and both they and the City might be better off if they got rid of some of their venom.

If they have any views on this subject, they should give these views at the right time, in the right place, and in the right manner.

The right time would have been at the first public hearings on this matter, but having failed then to do so, the right time is now.

The right place is at the meetings of the Franchise Committee or such other committee as the City Council may select.

The right manner is to come in and give their views and their reasons for their views and endeavor by discussion to have the members of your committee and the representatives of the company accept their own ideas or to harmonize their views with the views of the Committee and the representatives of the Company.

If these newspapers want to secure a settlement of this problem, let's point out the right way for them to do it.

If they want to prevent a settlement of this problem for their own selfish reasons, let's make that clear to the people.

If they want one that is reasonable and fair to all parties concerned, we will pledge our Company to accept their recommendations if they are wise and practical.

We also assume that the members of the Franchise Committee would be willing to make them a like promise.

It is unfair for them to assume that they have superior knowledge of this problem and yet not give their views of the men charged with working out a solution of this problem at the only time when these men can use them and are engaged upon the work.

It is unfair for them to hold back their views now so they can be in position to criticize when the work has been consummated.

On that theory, a good citizen would be one who would stand idly by and see his town burn up so he might criticize the work of the fire-fighters.

What this and every other city needs to settle their problems is help and not criticism.

If these newspapers would meet your Committee and our representatives in anything like a reasonable spirit, we think it is more than likely we would be able to reach an agreement which would represent a fair settlement to all parties in this matter.

If we cannot agree, then we think it is up to each man to go out on the public platform and tell his story there, where the people can look in the face of each one of us and judge for themselves who is telling the truth.

We don't think for a minute that these men are cowards, but if there is anyone around who has not got the nerve to show his face on the public platform and wants to sling dirt by means of printers' ink while barricaded behind a newspaper desk, then we should make that fact plain to the public.

The tendency of the times is to make the people the final tribunal, the court of last resort.

Justice can never be secured by means of false testimony.

Those who try to shape public opinion in these days should feel the same responsibility for accuracy in their testimony that the court witness who is under oath must feel.

If you will send a request to these newspapers asking for their attendance at your meetings, and an expression of their

views at this time, you will either get their attendance and their assistance or else you won't get it.

If you can get them to take part in these meetings in good faith, we believe a settlement can be reached along lines beneficial to all.

If they do not attend these meetings and do not work toward securing a settlement, this fact will be made plain to everybody.

We fear that their present plan is to simply sit back and wait until an agreement has been decided upon and then endeavor to find real or unreal things in this agreement that they can criticize.

The editorials which have appeared up to date lead us to believe that the men who wrote them have never even read the agreement reached between the Franchise Committee and the Company's representative.

Certainly the editorials which have appeared up to date have been neither fair nor intelligent.

Under these circumstances, we see no reason why anyone can expect their future views on this matter to be either fair or intelligent.

May we also respectfully suggest that if you arrange an early meeting of your Committee and invite these papers to be represented before the Committee, that in the interest of accuracy, strict parliamentary rules be observed to insure getting an accurate transcript of the proceedings?

If your Committee does not feel able to employ competent stenographers, we will arrange to do so.

We hope the suggestion we have made will not be dismissed without careful thought.

We believe it would mean much in bringing about a settlement of the present controversy.

We believe it can be used advantageously in many controversies that may come up in the future in the City of Toledo.

It will thereby contribute to the efficiency of the management of the affairs of the city.

Yours cordially,
THE TOLEDO RAILWAYS & LIGHT CO.,
By HENRY L. DOHERTY,
Chairman of the Board of Directors.

It was necessary at times to interrupt the answers to criticisms by the people in order to discuss various phases of the situation not brought out by criticism. When Mr. Dotson, at a public meeting, recommended the suppression of the publicity campaign, Mr. Doherty wrote the following:



WE have always been giving Mr. F. M. Dotson of the Franchise Committee credit for being a fair-minded man.

We are wondering whether we have not been mistaken.

One interesting point was the statement of Mr. Dotson last night to the effect THAT IF THE CITY CONTINUES TO NEGOTIATE WITH US, IT SHOULD BE ON CONDITION THAT WE ABANDON OUR PUBLICITY FORUM.

Suffering Kate! What next?

We have always been told that corporations love the ways that are dark.

That they shun publicity as the devil shuns holy water.

And now, when in answer to the public demand, this corporation adopts publicity, invites publicity and courts publicity. WE FIND AT THE END OF 10 LONG WEEKS THAT WE ARE WRONG AGAIN.

Money and labor both gone and public approval as well.

So, after all, the corporation is d—— if it does and d—— if it doesn't.

Mr. Dotson says the place to bring the facts and criticisms is to the committee.

Well, there is nothing to prevent the committee from using the

SO THE PEOPLE MAY KNOW

columns as a faithful and efficient messenger boy.

When the writer first appeared on the floor of the council chamber in the early negotiations of this matter he was repeatedly taunted with the statement that he would have to go to the people in the end.

Well, that didn't scare us.

We, all of us in this concern, belong to the people.

We may not get an invitation to the Astor ball, but we will make an even bet that we can get an invitation to share the

contents of the dinner pail from at least nine out of ten of the wage earners of Toledo if we are hungry and need it.

Most all the cranks were there—INCLUDING OURSELVES.

We all said what we thought and all went away better friends for it.

There was something genuine about the whole meeting last night.

There was not a regular speaker who did not make a favorable impression on us in some way.

We might quarrel and just keep on quarreling with each and every one of them, but at that we wouldn't let any outsider pick a quarrel with any one of them without taking their part.

They can say mean things to us and about us and we can do the same, but we don't want anybody else to do it.

It was a cosmopolitan crowd.

You could find any type you wanted.

One chap stood in the aisle.

He looked like a man who would fight for you, if he was your man, without asking whether you were right or wrong.

These fellows are handy sometimes for you if they are on your side, for you don't have to waste time explaining matters to them.

They are awfully unhandy at other times, for if they are the other fellow's man, you just waste your time trying to explain matters to them.

This chap said, "We want a 3 cent fare."

Our representative said, "You don't want a 3 cent fare if it not fair or just to the company, do you?"

"Yes," he said, "we demand a 3 cent fare."

Our representative said, "On what basis do you demand a 3 cent fare? On what do you justify a 3 cent fare?"

And our friend, The Chap, said,

"BECAUSE THE MAJORITY DEMAND IT."

And then we thought how few people realize that the theory of the plan by which the majority shall rule is not based on the fact that

The majority makes right, but that

The majority is apt to be right.

So it is up to the thinking people—to the lovers of fair play—to those who want to see good government TO EXERCISE

THEIR INFLUENCE TO SEE THAT THE MAJORITY DEMANDS THAT WHICH IS RIGHT AND JUST.

Yours sincerely,

THE TOLEDO RAILWAYS AND LIGHT COMPANY,

By HENRY L. DOHERTY.

The big business man knows he needs his time for the transaction of his business, and must not consume it all in unending negotiations.

—HENRY L. DOHERTY.

Nothing, however, was permitted for long to interfere with Mr. Doherty's detailed answer to every criticism, and he continued from day to day:

FIGHTING PROSPERITY



IN answering one of our criticisms, we referred to the fact that the people of Salem at one time attributed all of their trouble to witches.

The politician of that day who promised the most drastic treatment of the witches, was probably the one who got elected to office.

In the days of witchcraft, if an epidemic of disease struck a flock of chickens, it was believed to be caused by some witch.

If the people had kept on blaming all their troubles to the witches, they would not have saved their chickens or made much progress in other ways.

It sounds absurd to think that only two or three generations ago, the people could have been so badly mistaken.

But even today you can imagine almost anything happening, provided the public mind is sufficiently inflamed and prejudiced.

Prejudice is the foe of reason, progress and happiness.

You will say "Why talk about witches in these enlightened days?"

BECAUSE WE ARE DOING SOMETHING WORSE FOR PROGRESS THAN BURNING WITCHES.

Not so brutal, but more harmful.

In the days of witchcraft, the public simply failed to travel the right road to prosperity.

They didn't try to tear up the road.

TODAY THE PEOPLE ARE FIGHTING PROSPERITY.

In the last fifty years, more progress has been made for the betterment of mankind than in the period between the tenth and the fifteenth centuries.

When we prate about the good old days, romance struts but reason shrivels.

The wage earners of today can live in greater comfort and safety than a king of the last century.

This progress has been made under our present methods.

Our present methods are far from perfect, but progress will be made by building them up—not tearing them down.

A wave of antagonism against the corporation has swept this country for years. The public utility corporation has suffered the most from this antagonism, because it is the one the public can reach.

The troubles of the people are blamed upon the corporation.

And yet the progress we have made and the comforts we enjoy, are due in a large measure to liberality of our corporation laws and to our corporations.

The two most valuable tools that have ever been invented, are the hammer and the lever.

Yet they are used by almost every burglar and safeblower.

You wouldn't want to abolish the hammer and the lever simply because they are sometimes used improperly.

WELL, BEFORE YOU RESTRICT, REGULATE, OBSTRUCT AND TAX THE CORPORATION OUT OF EXISTENCE, IT WOULD BE A GOOD THING TO STUDY THE PART IT PLAYS AND THE BIGGER PART IT COULD BE MADE TO PLAY IN OUR PROGRESS.

Good service and low cost to the customer require that some things be done on a large scale.

The average wealth of the country is, we will say, \$1,500 per person.

To build a single ocean liner big enough to insure safety and comfort, would require many times the average wealth of one person.

To insure economy of production, factories must be of enormous magnitude, from the standpoint of individual wealth.

To insure service and economy, telephone systems, steam railroads and street railroads must be of enormous magnitude from the standpoint of individual wealth.

Imagine conducting our telephone system, with no one system to exceed \$1,500 in value.

IT COSTS \$42,000 TO LAY A MILE OF SINGLE TRACK IN THE CITY OF TOLEDO, TO SAY NOTHING ABOUT THE COST OF CARS, CAR BARNS, SNOW SWEEPERS, TOOLS, ETC.

The inventoried value of the Cleveland Street Railway system was more than \$90,000 per mile.

Toledo has about 120 miles of track.

If we should have no system of a value of more than \$1,500, then we would have 7,200 railroad systems in Toledo.

What kind of service do you think you would get under these conditions?

You can ride twelve miles now for a single fare.

How much do you think you would pay if each road was only about 100 feet long.

Of course this sounds absurd, and it would be absurd.

Things would have to be done in some other way.

Partnership agreements would be one way.

But you can hardly imagine a partnership of 7,200 people.

NO, SOME THINGS ARE JUST NATURALLY BIG.

If the big thing could only be owned by the man with a big fortune, then we would really have the condition of the rich getting richer and the poor getting poorer.

There are many big things yet to be done, and there are many big things being done.

More big things than there are big fortunes.

If the big things could only be done by the big fortunes, then we wouldn't have all of our big things.

All we have to do is to just keep on fighting prosperity by curtailing steam railroad earnings and there won't be any more independent railroads built.

Instead of being able to ship freight by railroad at one cent a ton a mile, we will still be paying twenty five cents by wagon in many places.

IF WE HAD STARTED THIS NEW STYLE OF STATESMANSHIP SOON ENOUGH, INSTEAD OF BEING ABLE TO RIDE TWELVE MILES BY STREET RAILROAD FOR A MAXI-

MUM OF FIVE CENTS, WE WOULD BE PAYING FIFTY CENTS BY SOME OTHER MEANS.

But worse than this, with more big opportunities than there are big fortunes, the owner of the big fortune could make it as productive as his greed might dictate.

The man with fifteen million could then make it earn perhaps 100 per cent.

But what could the man do who only had \$1,500 or \$15?

Perhaps he could loan it to the other fellow for 2 per cent.

Our forefathers wisely planned our laws so that men of moderate means could cooperate with their capital by legal incorporation, and make their capital as formidable and as productive as the rich man's.

The corporation is an absolute necessity to everybody but the man with the big fortune.

The rich man uses the right to incorporate simply as a matter of convenience.

It is a necessity to the poor man and the small capitalist.

The small capitalist can only make his capital equally productive as the big capitalist by cooperation with others and by availing himself of our incorporation laws.

The poor man gets a lot of good and cheap service in this way, which he could not get otherwise.

The small capitalist has never been a participant in the corporation to the extent that he should or might.

An invitation to join always excites his suspicions.

There have been too many fake schemes that have used the corporation just as the burglar uses the hammer and the lever.

IT'S NOT THE FAULT OF THE HAMMER AND THE LEVER—IT'S THE MAN BEHIND THEM.

The wage earner does not want to risk his money for the small return earned by the majority of legitimate big undertakings.

But some of them are always easy picking for the fakir, with the fake gold mine and the fake wireless telegraph system.

Over two hundred and fifty million dollars were taken away from the people in 1912 on pure fake schemes.

Many corporation men would prefer to work for the small investor.

They point to an increase in their number of stockholders with pride.

More stockholders means smaller average holdings.

The misinformed reformer is always trying to curtail the benefits that come from liberal corporation laws and place extra burdens in the form of taxation or in some other way on all corporations.

The corporation man believes it is useless to solicit the small investor against his suspicions.

Even if he thought it would pay, he has not the moral courage to do it.

HE IS AFRAID HE WILL BE REGARDED BY THEM AS A FAKIR WITH THE FAKE GOLD MINE.

When the wage earner commences to save and invest his money in the same way and in the small things as the big and little capitalists, then class distinction will be wiped out.

When the wage earner is also a capitalist, as he could be and should be, then we will have the only right kind of public ownership that is economically sound.

The real reformer will work along these lines.

But don't forget this:

The new enterprise often produces \$10 worth of wealth for every dollar it produces for its owners.

The big problem is not how to discourage enterprise by shaving earnings to the vanishing point and endangering every investment.

The big problem is how to develop our opportunities—how to make more land available by railroads and other means so a rapidly growing population can be fed, and fed well and cheaply.

THE CORPORATION IS THE POOR MAN'S PARTNERSHIP AND OFTEN THE POOR MAN'S MOST VALUABLE SERVANT.

Over half the stockholders of the corporations we control are wage earners. Over half of this half make \$100 per month or less.

Yours cordially,

HENRY L. DOHERTY & Co.

When a business enterprise starts out it should always be with the idea of making a greater contribution to the public than the profits it may derive.

—HENRY L. DOHERTY

CRITICISM NO. 19



HE street railway company uses the streets owned by the public and it should pay rent for them. Certainly not less than \$100,000 a year. This is done in other cities."

We know the streets belong to the public.

But they are not owned by the public for the purposes of hire, rental, barter or sale.

When you place a street railway on a street you increase the capacity of that street to handle traffic.

The value of the streets to the public depends upon their ability to handle traffic.

They are not a source of revenue and are not expected to be a source of revenue, but are maintained at a great expense for the sake of handling traffic.

The street railway increases the efficiency of handling traffic, both from the standpoint of capacity, speed, convenience and comfort.

Would the streets have a greater value to the public if the street cars were taken off and the tracks removed?

They certainly would not.

The public suffers from a lot of popular errors that are harmful to the people.

Some people think that the grant of a franchise benefits nobody but the owner.

They forget that a franchise is granted to secure in this case a transportation system that will keep up to the growth of the city and provide rides that would cost ten times as much by any other method.

TO LAY BURDENS ON US THAT WILL CRIPPLE OUR CREDIT AND PREVENT US FROM PROVIDING AN ADEQUATE TRANSPORTATION SYSTEM WILL INJURE THE PEOPLE OF TOLEDO AS A WHOLE MORE THAN IT WILL INJURE US.

To delay the settlement of this matter will hurt us, but it will hurt the people of Toledo more.

The unthinking people say, "Why Should We Worry?" "It's up to the traction company."

Better think it over.

We will do all we can to secure a fair and speedy settlement, but we think it is just as much your problem as ours.

If you do your duty as a citizen, it is UP TO YOU.

It is easy enough to create obstacles.

One man can throw a monkey wrench into a piece of machinery and stop it from running that perhaps required one year for 100 men to build and make it run.

We can't suit everybody, but just because one group thinks we should pay a rent of \$100,000 a year; another that we should pay \$150,000 a year, and another that we should pay nothing, is not sufficient reason why the street railway problem should remain unsettled and the growth and prosperity of the city of Toledo retarded.

It is simply a difference of opinion, whether the street car rider should pay for his ride and then pay \$100,000 into the city treasury besides, or whether somebody else should pay that \$100,000.

WE THINK THAT THE LAYING OF A SPECIAL TAX ON PUBLIC UTILITIES IS A FALLACY WHICH PUTS AN ECONOMIC BURDEN ON THE COMMUNITY.

The average gas and electric company transmits the equivalent of thousands of tons of coal over or under the public streets without wear or tear, noise or the interference with other traffic.

To lay special burden on them means a higher selling price for gas and electricity and a lessened opportunity to compete with coal, oil and other commodities delivered by wagon.

Wagon delivery means the wear of streets, with the cost of repairs; the littering of streets, which means the cost of cleaning, unnecessary noise, discomfort and interference with other traffic.

Why discourage that which is good for the public and encourage that which is not?

What we say of the tax on gas and electric companies is even more true of the street railway company.

The street railway company can carry as many as 100 passengers in a single conveyance which runs on its own steel rails.

Think what the wear, tear, confusion, noise and congestion would mean if every passenger had his own conveyance.

Think of the wear on the streets alone, to say nothing about noise, confusion and accidents and the need of traffic police at every corner.

What would be the cost of maintenance and the condition

of the streets where no street car system existed and what would be the cost of maintenance and the condition of the streets in a city where all traffic of every kind was handled by street cars?

Yours cordially,

HENRY L. DOHERTY AND COMPANY.

A source of unclean information can poison many minds. It does not so frequently bring death, but it does bring lots of misery.

—HENRY L. DOHERTY

CRITICISMS Nos. 22 AND 23.



F your franchise passes we cannot have municipal ownership for 25 years."

"Your franchise is more liberal than it should be. No good business man would make such a proposition to the city except to avoid having his property confiscated.

However, it makes municipal ownership so easy at any time that I will have to oppose it, for I have no reason to believe our city government can run a railroad system."

WE LOOK FOR LESS MUNICIPAL OWNERSHIP RATHER THAN MORE.

There are fundamental and inherent reasons why private ownership can succeed better than municipal ownership.

After a thorough campaign of study and investigation of municipal ownership we are confident the majority of the people of Toledo would oppose it.

Space will not permit us to even review the important consideration of the municipal ownership question.

A few facts, however, are worth stating.

The majority of municipal undertakings of this character have proved a failure.

A list of the failures up to a few years ago can be found in Francisco's book on that subject.

Some of these failures were acute to the point of being dramatic. For instance, the citizens of Austin, Texas, threatened

to abandon their city and rebuild on a new site unless the holders of the bonds of the city agreed to the compromise they offered.

No thinking man can read of the long list of failures without apprehension of the results.

In a city like Toledo, where such a large percentage of the people are taxpayers and own their own homes, they are not likely to vote for municipal ownership after careful investigation of the subject.

Cities which have a large floating population and are voters, who have nothing at stake, are in much greater danger.

IF A CITY CAN CONDUCT A BUSINESS BETTER THAN BY PRIVATE OWNERSHIP, THEN THE PROPER THING TO DO IS TO TAKE OVER EVERY LINE OF BUSINESS.

Rent is a bigger expense than transportation, so the city should be the landlord.

The city would have a greater advantage here, for playing the landlord requires but little in the way of operating expenses and is largely a question of capital.

The apparent advantage of the city to borrow money at a lesser rate would play an important part here.

This advantage would soon disappear, however, as soon as any city would show a disposition to endanger its credit by embarking too far on business enterprises.

The very talk of purchasing the street railroad has probably already hurt the credit of the city and made its bonds less saleable.

To purchase the street railway would probably cause it to pay an advanced rate of interest as each succeeding bond issue came due and had to be renewed.

Food is a greater item and a greater necessity than transportation.

IF THE CITY CAN DO BETTER IN BUSINESS THAN THE INDIVIDUAL, THEN THE SAME AMOUNT OF MONEY INVESTED IN THE GROCERY AND MEAT BUSINESS WOULD BRING A MUCH GREATER SAVING TO THE CITIZENS.

The street railway company has earned for a number of years less than 6 per cent on its actual physical investment.

The ordinary merchant expects and does earn from 10 per cent to 100 per cent on his investment.

So if the city wants to go into business it should go into that line of business that will benefit the citizens the most.

Therefore go into those lines of business which yield the greatest return on the investment.

The mere fact that the street railway, gas and electric companies use the city's streets make little or no difference.

Your supply of coal, groceries, meat and in fact everything else depends upon the use of the city's streets.

That's what the streets are for.

The mere fact that the street railway company is given the right to lay down rails in the city's streets makes no real difference.

The power driven omnibus which runs on the pavement without rails has almost bankrupted the street railways of London, England.

Lord Montague, believed by many to be the greatest expert on this subject in his country, recently visited this country and predicted that the bus would drive out our street railways.

This would mean absence of steel rails for the heavy wagons and trucks to run on.

Nobody to make a nice clean passage after each snowfall to the great convenience of the pedestrian and all other traffic.

We don't think the bus will drive out the street railway.

If it did, however, the transportation business would then be just like the taxicab business and much like the express and heavy delivery business.

We don't think the city would profit but on the whole would lose by the removal of our steel tracks.

We might still make another statement of interest in this matter.

If Toledo grows no faster than the average American city, it should have at least 200,000 more population at the end of our proposed franchise.

This means that farm land now worth, say, \$150 an acre, will become city lots worth \$500 per lot or \$3,000 per acre.

An advance of twenty times.

IF THE CITY WOULD BUY REAL ESTATE WITH THE MONEY IT WOULD OTHERWISE PUT INTO THE STREET RAILWAY SYSTEM, EVEN WITH THE EXERCISE OF

PRETTY BAD JUDGMENT, THEIR INVESTMENT SHOULD BE WORTH AT LEAST \$5 AT THE END OF THE GRANT FOR EVERY \$1 THEY WOULD EXPEND.

Many of the people who think they want municipal ownership have heard only one little bit of the story.

What they have heard is mostly dreams and very far from the true facts.

We are not here to fight municipal ownership.

We do maintain that this issue should be met fairly and squarely.

TOLEDO RAILWAYS AND LIGHT COMPANY.

We tell you that Mike Sullivan, the section hand, and Percival Farquhar, the railroad builder, are brothers under the skin.

—HENRY L. DOHERTY.

CRITICISM NO. 25.



HE Cleveland crosstown lines are a losing proposition and no crosstown lines should be built in Toledo that do not pay, for that will throw an unnecessary burden on the car riders and compel them to pay an increased fare."

The present system of charging for street railway service is crude and inequitable.

The zone system—that is, charging by the distance you ride—is much more equitable.

But the zone system has not been made a practical thing.

You will say, "Now, what has this got to do with a crosstown line?"

Well, we'll show you.

The man who wants to get across the town now must come down to the center of the city and transfer.

He consumes a half hour needlessly.

If his time is worth 30 cents an hour, he has lost 15 cents.

He could better afford to pay 15 cents plus the regular fare.

If the crosstown line would charge a rate of fare somewhere near what the service was worth, it would be a paying proposition.

Just because the talk people of Toledo have tried to make everybody think that the only thing the people want is a low fare, does not mean that this is true, or if it is true, that it will always remain true.

If a rate of fare is established which is too low to operate cars, except where a dense service can be had, it means an economic waste to the community.

FARES SHOULD BE BASED ON THE ZONE SYSTEM AND THE DENSITY OF TRAFFIC ON EACH LINE.

The public is not educated to the payment of different fares on different lines, and we don't expect to advocate any such plan.

We could not, however, resist the opportunity to point out that even 20-cent fare on a crosstown line would mean a saving to some people.

What the people either do want now or will want later is service.

The fare will have to be based on the service given.

Just what service the people want is unknown.

We propose to feel our way, talk it over with our patrons and give them whatever service they want at the lowest cost, commensurate with the service.

We know that to give the community as a whole good service, a crosstown line is needed.

If we were to hold up the settlement of the street railway problem until we could work out a practical and equitable system of charging and have every one agree to it, the youngest children in the city would be old and infirm before a settlement was reached.

A crosstown line is needed to add to the working efficiency of the community.

If it won't pay with a fare no higher than the general fare for the balance of the city, then it would be better to charge a higher rate of fare on this line.

Nobody would be hurt by so doing, as they would not have to patronize this line.

They get along without it now and they could get along just as well without using it, if it were there.

That is, they could still come downtown and transfer, rather than pay a higher rate of fare.

Let's say it won't pay as far as the Rail-Light Company is concerned.

But let us assume that on an average every patron will save 10 cents worth of time on every trip.

Then it means that it will pay a handsome dividend, as far as the community is concerned.

Low fares make an apparent saving of a fraction of a cent per trip.

Good service means comfort and a saving in time on every trip and an economy of not simply fractions of a cent, but cents.

There are two limits that fix the price of everything.

The upper limit is the value to the user.

The lower limit is the cost to the producer.

For instance, you can ride twelve miles on our cars for a single fare.

The real value of this ride should be worth an average of 50 cents to our patrons.

Most people don't seem to have ever thought about the value of the ride to the patron of our lines.

Some people don't even seem willing to pay the cost of furnishing these rides.

IF A CROSSTOWN RIDE IS WORTH 20 CENTS TO THE RIDER, BUT SUCH RIDE CANNOT BE HAD BECAUSE A CERTAIN GROUP SAY THAT NOT MORE THAN 3 CENTS SHALL BE PAID, THEN WE THINK THAT GROUP IS STANDING IN THE WAY OF WHAT IS BEST FOR THE COMMUNITY.

If fares can be fixed by political pledges, why not pass an ordinance requiring a 10-cent taxicab fare to any part of the city?

You know what would happen.

You would not have a taxicab in your city.

The taxicab owners would not spend money to tell you what the result would be.

You don't have to use the taxicabs now if you don't want to, but if you drive them off the streets, you can't use them if you want to.

Our investment is not a portable one, but the result in the end would be the same.

If you are going to have an adequate transportation system with good service, THE FARE WILL HAVE TO BE SUFFICIENT TO PROVIDE THE SERVICE.

What this service will be depends on what the people want from time to time.

The fare must be fixed according to the service that is rendered.

Yours cordially,
HENRY L. DOHERTY AND CO.

Mistakes should not be painted as crimes and then played up to prejudice and poison the minds of the unthinking people.

—HENRY L. DOHERTY.

CRITICISMS Nos. 26 AND 27.



If you want to be fair, you should include your power house. What good is a street railway without the power to run the cars?"

"Your franchise should specify the rate to be charged for power if the city takes over the street railway system."

The Willys-Overland Company Is Run by Power from Our Power House.

They don't have to have their own power house.

We all admire the business ability of the Willys-Overland Company.

Their success is sufficient proof of their ability.

They contract with us to provide the power to run their machinery.

Why?

Because It Pays.

They also probably figure that their business is to build and sell automobiles.

If they as specialists in one line of work, take a part of their time from their special occupation to generate power or manufacture varnish or produce their own iron and steel from ore, they might not be so successful as automobile manufacturers.

They would probably tell you that they don't want to waste time and skill which will earn \$1 in the automobile business for the sake of saving a possible five cents on power.

Did It Ever Strike You as Significant That the Great Big Successful Business Men Are Never Trying to Save All the Pennies?

That they are always ready to use the skill of others and pay a reasonable profit without whining about it?

That is one reason why they are successful.

Did you ever notice that the man who has proved his ability as a master of business never is an advocate of municipal ownership?

The specialist always has the best of the jack of all trades.

The generation of electric power is a matter of specialism.

One power system can be operated cheaper than two or more.

There is another reason why we don't want to give the city the right to take over our power house by arbitration and upon a year's notice.

It would probably prevent us from getting many large and profitable contracts.

There are many business men who would not be willing to depend for their supply of power upon a politically run power plant.

We are just closing a big power contract over in Michigan.

We expect to furnish the power for every new factory that is put up in Toledo and for a radius of many miles from Toledo.

We are not only already supplying power in Michigan, but are closing up new contracts right along.

We expect soon to be selling power over in Indiana, generated right here in Toledo.

We don't think power users in Michigan and Indiana would want to buy power from the city of Toledo.

They would doubt the legal right of a city in one state to sell power to industrial and railroad corporations in another state.

Whether they had the legal right or not, the ordinary big business man doesn't want to depend upon the business activities of a city government, and especially for a service which depends upon highly developed technical skill.

In addition to this, business men don't like to be compelled to carry on business negotiations with a city.

There is no continuity of management.

New and uninformed men are constantly being elected to office.

For instance, the street railway problem would have been settled long ago if it had been a matter of negotiations between two business corporations.

This problem has been dragged about for years and used as a political issue.

Constant negotiations have been in progress since March 19th.

A SETTLEMENT WOULD HAVE BEEN REACHED IN A WEEK OR MORE BETWEEN TWO BUSINESS CONCERNS.

Imagine the Willys-Overland Company depending on power from the city!

Markets suddenly become good and they have a chance to increase their sales by 50 per cent.

Say they had to go to the city and negotiate for seven weeks for the necessary additional power and then perhaps not get it.

Their competitors would get all of the increased business.

Big business men appreciate the importance of being ready when the market is ready, whether the market they want is for the sale of goods or the raising of additional capital.

City officials seldom appreciate the importance of speed.

THE BIG BUSINESS MAN KNOWS HE NEEDS HIS TIME FOR THE TRANSACTION OF HIS BUSINESS AND MUST NOT CONSUME IT ALL IN UNENDING NEGOTIATIONS.

Yours, cordially,

TOLEDO RAILWAYS AND LIGHT COMPANY.

Our human problems will all be easily solved when every really good newspaper man will refuse to work on a dishonest newspaper provided he can find a position on an honest newspaper at half the salary or better.

—HENRY L. DOHERTY.

CRITICISMS Nos. 28 AND 29.



RANSFERS should provide for more than 15 minutes so as to avoid delays from blockades at railroad crossings and bridges."

"Your franchise does not provide any extra charge for those who get transfers. Such passengers demand extra service and they should pay for it and not make it a burden on all the passengers who ride only once."

In answer to criticism No. 28, we want to state that the time for a transfer must be adequate.

There can be no question about this.

The development of the city and the railroad system will tend to give a shorter time between cars, requiring less, rather than more time for transfers.

When we submitted our proposed franchise to the city we did not claim that it was infallible in every particular.

We simply claimed it was as correct as we had been able to draw it.

To insure its correctness we adopted plans more comprehensive in character than *had ever been done with any other franchise in the world, as far as we know.*

We printed 100,000 copies of our franchise. A copy was mailed to every voter. A copy was placed in every home in the city by distributors. For the Polish homes, we printed the franchise in Polish. All of our street car boxes were filled with the franchise.

In addition to this we started our Publicity Forum and pledged ourselves to print every criticism that was sent in and authorized the newspapers to print any criticisms of our franchise that were sent to us but not published by us, and do it at our expense.

On April 22nd we published a full list of criticisms received by us up to that date.

In a day or two we will print all of the other criticisms we have received since April 22nd.

Could Anything Be Fairer?

Can you imagine anything we could have done that we have not done to see that the people were properly informed?

Don't you think we deserve your support and good will for the way we have gone about this matter?

We think we deserve an expression of approval of our franchise from everyone who has received a copy or else we deserve to receive a frank and honest statement why you cannot give your approval.

In addition to all this, we have been for weeks engaged with a special committee of the city council going over the proposed franchise, paragraph by paragraph and practically word by word.

Since our franchise was printed we have agreed with the Franchise Committee to eliminate the sentence which makes a transfer void after 15 minutes.

In answer to Criticism No. 29, we have said before that progress is best insured by evolution, rather than revolution.

It is idle to disregard the opinion of the majority of people of any community.

When we drew this proposed franchise it was our opinion that the majority of the people believed in the principle of free transfers.

Accuracy of methods of charging, while important, are, after all, a mere detail as compared with the advantage to the citizens of Toledo to secure a settlement of the matter along lines generally equitable and fair.

The argument for a free transfer is that the rider is not to blame if the street railway system is not laid out to provide a direct route from where the patron lives to where he wants to go.

Every other argument would be to treat the passenger who wants a transfer as though it were two rides.

In other words, there is more reason for charging the person who gets a transfer for two rides than for a single ride.

We believe the proper policy should be half way between the two.

Instead of making the passenger who uses two lines pay two fares, we should carry such a passenger for either a straight fare of 5 cents and give a transfer, or we would issue our tickets in halves and charge a half ticket for a transfer. In other words, the fairest thing would be that the transfer passenger paid a ticket and a half.

It Is Not Right to Give a Transfer Free

Transfers, on the whole, mean a longer than the average ride, increasing the number of times the cars must be stopped and started and increasing the liability of accident.

The damages we have to pay in the course of a year are enormous, and these damages are a great load on the street railway patron.

If we can arrive at a settlement of the street railway problem that is fair between the city and the company, then there is no reason why the questions which have only to do with the equity between different classes of rides cannot be taken up from time to time and modified as seem to the best interest of all concerned.

We have inaugurated the policy of talking matters over with the public and we have been greatly encouraged by the results.

We intend to keep up the plan, even after a settlement of the street railway problem has been reached.

We advise against trying to change the policy of free transfers at this time.

We will be ready to meet the city more than half way in any changes it may want to make in the future.

We do, however, want to stop the abuse of the transfer privileges.

No one, outside the operating officials of the company, has any idea of the wholesale abuse of the transfer privileges.

Men and women who would resent the insinuation that they would steal, will take a transfer from someone else, present it glibly to the conductor and then chuckle to themselves because they have "beat the company."

WHEN THE STREET CAR COMPANY IS DEFRAUDED OUT OF MONEY RIGHTFULLY EARNED, IT IS NO LESS STEALING THAN TAKING A LIKE VALUE OF GOODS FROM THE GROCERY STORE.

Every man, woman and child interested in getting the lowest possible car fare in Toledo should lend us every effort to stop the wholesale abuse of transfers.

Rules should be made that allow transfers to be used if presented on time, but to make them so elastic as to allow doubling back home on one car fare, or to allow shopping on a transfer means a higher rate of fare to everybody.

Somebody has to pay the freight, and who else but the car rider?

Every time that anyone uses a transfer illegally or defrauds the company out of a fare, somebody else has to pay.

You can't escape that proposition.

So, to keep fares down, we must find new avenues of revenue and cut down operating expenses.

One of the biggest loopholes is the transfer privilege, and to get lower fares, we must all give this matter serious attention.

The people of Toledo realize now, probably better than any other city, that the burdens placed on the street railway company are really simply burdens placed on the street railway patron.

One thing all our patrons can do is to help stop the abuses of the transfer privileges.

At some future time we will give a heart-to-heart talk on what we, or rather you, suffer from unjust damage claims and decisions.

SO THE PEOPLE MAY KNOW.

Yours cordially,

TOLEDO RAILWAYS & LIGHT CO.

Scattered throughout the country are many communities which today are nothing more than villages. Some of these communities have possibilities of great growth. Their growth will depend very largely on whether capital can be found to come in and supply those various necessities which go to make up the difference between city and country life, namely, gas, water, electric light and power, street railway service, etc., etc.

—HENRY L. DOHERTY

CRITICISM No. 30.



T would be unnecessary for the Rail-Light to offer prizes for criticisms if their proposition was really a fair one."

A large part of the public don't think of the corporationman as being made of the same flesh and blood.

They think of him as having horns, and in place of rich, warm blood in his veins, they think it must be vinegar or something worse.

He is the unwilling victim.

He does not consent to play the part for hire.

He chose his occupation when it was a respectable occupation.

If he is a good sportsman he doesn't whine any more than the batter who knocks out what might have been a home run, but is so close to the foul line that the umpire, who wants to play safe and favor the home team, calls a foul.

The real umpire is the public.

And the Public can be awfully wrong at times.

But, in spite of all, it's the best and truest umpire we have ever found.

This umpire, now and then, must learn by experience—yes, by regret.

In the time of our great grandfathers, the people of Salem, Massachusetts, believed all of their troubles came from the witches whom they drowned or burned.

If the people of Salem had kept on thinking that all their troubles were due to witchcraft, we would not have made much progress.

The witch was supposed to float if it wasn't a witch it sank.

In any event, the public either found out it was a witch or it wasn't.

A few people died a little sooner than they naturally would have done, as a contribution to public education.

After the public found out that the witch didn't cause all their troubles, they commenced to look for something else.

They have found several flies in the butter since.

Just now it's the corporation.

A few of us may have to be sacrificed as a contribution to public education.

It's the law of chance and no place for a "tin horn sport."

Those of us who survive will get our reward.

The new witch is going to be the middleman.

If we were sure enough of our safety and knew we were not the ones to be burned, and we were cruel enough to do so, we would already be tuning up our fiddles to play an appropriate tune when we commenced to smell the burning flesh of the middleman.

It wasn't much use for the witch to "holler," but most of them probably did, anyhow.

There came a time when the witch could "holler" and there was some one to listen.

We're going to "holler" with our last gurgle.

We think the majority of the people of Toledo will listen.

The public think that the day of witchcraft passed years ago.

Don't you believe it.

The public has been burning witches in some form or other ever since.

We are still living in an age of intolerance of opinion and intemperance of speech.

Just as long as hate and prejudice are still in evidence where reason should be, we are going to keep on burning the witches in some modified form or other.

We, the corporation men, are the victims of today—some-one else, tomorrow.

"The burned child dreads the fire," and we will try and make it easier for the victim of tomorrow or of the next decade, just as the burned child of yesterday has tried to get justice for us.

The poor old witches of Salem may have been brutally treated, but they didn't have to stand one-tenth part of the abuse that the corporation men of this country today have to stand, while they are still living.

The other side of the story has never been told.

We're going to tell, if you want to listen, where the public is wrong.

We're not going to tell it in a way to arouse your hate and prejudice:

If all the crimes and sins that have been charged to the corporation men were true, we would still think that we had a better chance in the world to come than those who preach the doctrine of hate.

You don't like a grouch—neither do we.

That's one bond of human sympathy between us.

We are going to work and argue for what we believe is right.

You don't have to read what we write if you don't want to.

If you don't want to do what we think is right and fair, we're not going to sulk.

If there are a few or a great many people in Toledo who want to run things by prejudice, we can't help it, and you can't either.

We will go on doing the best we can, just as we have been doing for the past two months.

If the intolerant people of Toledo insist on kicking our imported worsted pants into holes, we will buy overalls.

As long as we can buy overalls we refuse to kick or whine, even though some people may think we are not properly dignified.

Yours cordially,

HENRY L. DOHERTY.

I am going to watch every man hereafter who is the people's champion and I am going to gauge him largely by whether he just intends, if he can get enough votes or enough backing, or whatever he wants, to promise to give to a lot of voters something that belongs to somebody else, but nothing that he has.

—HENRY L. DOHERTY.

CRITICISM NO. 30.



WHEN Mr. Doherty said the 'poor and ignorant' were the only ones who wanted three cent fares, he delivered a gratuitous insult to the people of Toledo that they will rebuke by voting against anything which the Rail-Light proposes."

If you will some time get confidential with an expert in sensational journalism, he will paraphrase Lincoln's famous saying and tell you that you can fool some of the people all of the time and that he can make them jump every time he pulls the string.

He arouses their prejudice and then holds them in bondage by feeding it.

I believe in attributing to everybody good motives or at least the best possible under the circumstances.

What some people would think bad ethics, other people undoubtedly think a badge of enterprise.

So let's assume that it is simply enterprise misdirected on the part of those who use these methods.

What is funny to one may be a tragedy to some one else.

Many a man of use to the community has been thrown into the discard by what the newspaper man thought was simply a clever epigram.

If the victim was an optimist and had a sufficient sense of humor he could see the other fellow's viewpoint.

NATURE WAS UNKIND TO ME IN SOME WAYS, BUT I DIDN'T GET CHEATED ON EITHER OPTIMISM OR HUMOR.

So, I am writing more from the viewpoint of the other type of victim and the public.

The victim who is inclined to grieve when he gets a dose of this sort is apt to remember his early teachings.

He gets down the Ten Commandments and reads them over.

The Ninth one says:

"THOU SHALT NOT BEAR FALSE WITNESS AGAINST THY NEIGHBOR."

It seems as though that one ought to be printed in capitals or italics.

And when you think it over, even the optimist would be apt to agree with this.

Think it over yourself.

How many of the other Ten Commandments would ever be broken if the ninth was not broken first?

Think of the murders alone that would never have been committed if "some one had not borne false witness against his neighbor."

What Louis Pasteur, Lord Lister and others did for the protection of the bodies of the people, some other scientist will have to do for the minds of the people.

Disease is no longer believed to be due to witches.

It is due to microbes and poison.

A cess pool on a water shed can spread an epidemic of typhoid fever or other disease throughout a city.

It is a small thing, but it can produce death to some—misery to many.

We have been impressed with the scrupulous cleanliness demanded by the rules of sanitation to protect the human body.

A source of unclean information can poison many minds.

It does not so frequently bring death, but it does bring lots of misery.

We need men like Pasteur and Lister to impress us with the need of scrupulous cleanliness to protect the human mind.

Every class of people have made their mistakes.

Even the churches used to burn people.

Hate begets hate—abuse inspires abuse.

Don't fill your "think tank" with prejudice.

It is at best an unhappy form of happiness.

You don't want to do anybody an injustice and you can't help it if you listen to the voice of prejudice.

I never even thought what was attributed to me.

But say under the stress I had lost my temper and say at the same time my tongue had "skidded" a bit—would I deserve public ridicule and punishment for that bad thought for just a minute or two?

If you say "Yes," then I will come back and say,

Well, I have been entrusted with the funds of other people and I represent them.

Many of these people are poor and their small savings are entrusted to my keeping.

FOR OVER A THIRD OF A CENTURY I HAVE BEEN A WAGE EARNER.

For over half that time I have been directly responsible to these people.

Should they be punished, even if I went wrong for a moment after all these years?

And, again, how far would the world ever get if everything was kicked over, no matter how good it might be otherwise, just because one party to the negotiations said something that somebody else thought was offensive?

HENRY L. DOHERTY.

It's fun, sometimes, to go to a regular, old, "ripsnorting" melodrama and hear the vigor with which the gallery hisses the villain.

—HENRY L. DOHERTY.

CRITICISM NO. 36.



YOU have no right to spend money on advertising. This money should be spent to provide better service."

More progress would be made by helping to bring success to the desirable corporation than to put obstacles in the way of all corporations.

No doubt, some people think there are no desirable corporations.

Well, some must be "less worse" than others.

Help that corporation to be still "less worse."

ONE POUND OF ENCOURAGEMENT, PROPERLY APPLIED, WILL DO MORE TO BRING IMPROVEMENT THAN A TON OF ADDITIONAL CRITICISM.

Nobody thrives on constant and indiscriminate criticism.

If you don't believe this statement, try it on your grocer, your butcher and your barber.

No matter what they do, tell them they are wrong.

Every time you get a chance, tell them they are trying to cheat you.

Growl every time you pay a bill and tell them their charges are too high.

Every time you go into their place of business, tell all their other customers that the whole place is rotten and simply a den of thieves.

Keep this up for ten or twelve years and then see if you have improved the service or hurt it.

When you are looking around for obstacles to place in the path of reform, don't overlook the pin headed man who would criticise anything, good or bad, that a corporation might do.

Yours cordially,

TOLEDO RAILWAYS AND LIGHT COMPANY.

A wave of antagonism against the corporation has swept this country for years. The public utility corporation has suffered the most from this antagonism; because it is the one the public can reach. The troubles of the people are blamed upon the corporation.

—HENRY L. DOHERTY.

On September 12, 1914, Judge John M. Killits handed down the following decision invalidating the Schreiber three-cent ordinance, and indicating that the only way in which the City could regulate the Company's conduct was by granting a new franchise. He said:



THE first motions in this case for temporary injunctions to restrain the operation of the so-called Schreiber ordinance were denied because then the City was neither attempting to enforce it nor by its terms allowed to enforce it except through an order of a competent court before which the complainants could charge and prove, if possible, that it was confiscatory and consequently invalid. The consequence of this opportunity to the complainants to resist an order of enforcement left this court powerless to apply the extraordinary remedy of injunction. The court then had jurisdiction of the main case, to which the motions were plainly ancillary.

It is unnecessary to cover again in full the discussion then had of the relative rights of the company on the streets without franchise, and the City. It is sufficient here to say only that the Company might run its cars from day to day until forbidden by the City at such rate as it was able to collect, and that it had the right to charge a rate that would pay its operating expenses and leave a surplus equal to a fair return upon its real investment, and further, at any time the company might discontinue service, take its cars off the streets altogether, and remove its tracks. The City,

on the other hand, might either forbid the Company absolutely the use of the streets, or, permitting the use, impose therefor reasonable regulations respecting service and rates of fare.

The ordinance in question never having been accepted by the Company, the initiative for enforcing it was upon the City, and that fact was recognized by its author in the provision directing the City Solicitor to go into court for an order on the Company to observe it. It is not an ordinance which the City can enforce through its police power.

Conditions have radically changed, however, since last March. During the intervening months, the City's executive, neglecting the direct and only proper method of enforcement which the ordinance itself provided, but which involved a decision of the contention loudly urged by the Company that it was oppressive and unreasonable, attempted indirectly its enforcement through an encouragement of reliance upon its terms by individuals. The uncontradicted evidence in this hearing shows that, taking the indefensible position that the measure was self-enforcing, the officers of the City assumed an attitude of sustaining private judgment, even to the extent of suggesting that the power of the City would be employed to assist any individual who attempted to enforce his opinion of his rights under it. This was a wholly indefensible position. To have placed at the call of any individual, to enforce his judgment that he should ride at three cents, a policeman, would have been as flagrant an abuse of power as to have given the same individual police aid to enforce any other private right he assumed to have without any other adjudication than his own consideration.

By the ordinance itself, the Company was given the right to question its obligations thereunder in a duly constituted general forum for the adjudication of responsibilities, and was not obliged to submit the view of any person who chose to board its cars. The effect of the City's attitude, however, was practically an enforcement, and the Company was faced with the alternatives of submitting without a test or of suffering innumerable annoyances and suits in the nature of damages, and, in all probability, violence. It is to deal with precisely these situations that courts of equity are open to suitors of any class, and this corporation, as is the case with any individual person, is under the protection of the guarantees of the Federal Constitution.

We hold, therefore, that the court may now, as we could not before, inquire into the charge that the ordinance is confiscatory in its effect, and, if we find the facts clearly sustaining the charge, we may apply the extraordinary remedy of injunction.

This ordinance, as is the case of any other legislation, is favored by every presumption. It is presumed that the public agencies concerned in its production acted intelligently, honestly and providently, and that its terms are reasonable and fair. The fact that a piece of legislation enjoys these presumptions does not, however, make it invulnerable. It may still be attacked in any of these particulars, the presumption having the effect only of testimony of validity, wherefore clear evidence against it may be

adduced to overcome them and to set it aside. The court also, while bound to indulge these presumptions, may look to the surroundings for a measure of their strength. The law of Ohio provides rules to secure deliberation in the passage of ordinances of this kind. Three readings on three different dates are required to precede the adoption of such a measure, unless some emergency or other proper reason impels a suspension of the rules by a three-fourths vote of the council.

This measure, not to go into effect for four months and not for three months after the incoming of a new council and a new administration, was passed to adoption through three readings at one sitting by a council and urged by an administration whose friends had just suffered defeat at an election.

These circumstances suffice to start speculation upon the value of the presumption. When, however, we find, as the testimony here shows without dispute, that, at the time this ordinance was passed and signed, the executive of the City was not only possessed of statistical information in most illuminative detail from its trusted expert, which, properly considered, showed that a three-cent fare was confiscatory, but that also the force of such statistics to this effect was pointed out in advice privately given in writing and orally by this expert to the executive, with reasons why a three-cent ordinance should not be passed, and further, that the City had, in November, 1913, no evidence or light whereon to base a fixing of rate except that given it by its own chosen expert to the above effect, it does not take a very acute mind to see that these vaunted presumptions descend nearly to the level of mere legal fictions.

However, the court on this hearing honored them to the full by requiring the movements to sustain the burden of their charge that the ordinance was unreasonable by clear evidence, and it was not until, through the testimony of the City's own expert, Nau, and a showing of of the experience of the Company, a volume of evidence was had which demanded that the City produce support for the following presumptions upon which it relied, that the court required any action at all by the City. Every possible facility was afforded the City to support the ordinance, the court adjourning the hearing for five weeks for that purpose. The record now shows in evidence comprehensible to every intelligent man, and derived from testimony in which there is absolutely no dispute, that this ordinance is unfair and that to attempt to enforce it is to attempt confiscation.

The City Solicitor, after struggling against the inevitable as long as possible, finally, and commendably, confessed that it was impossible either to get any other evidence than that before the court or to draw any conclusion from the testimony, which he could not dispute, than that at the rate of three cents the company's revenue would do no more than barely pay running expenses, leaving nothing for a return upon the investment. There are some lines in the City on which a fare under three cents would pay operating expenses; there are lines on which six cents and even seven cents would not even expenses. There is one line whose revenue does not meet one-third of its expenses, and others

whose returns are but one-half to two-thirds of their outlays. Averaging all the lines together, if the public insists upon the present routing, any man capable of doing sums in simple arithmetic can see that an average rate of three cents is too low. It is demonstrated from the record that if every person who has ridden on the cars since March 27th last, whether he had paid or not, had paid three cents, the income of the company would barely have paid its expenses, and the months since March are the months of a year when traffic is the heaviest and expenses the lightest.

It is beyond dispute from this record that this ordinance is unreasonable and unfair, wherefore it should be declared invalid, and an order to that effect may be entered.

September 12, 1914.

JOHN M. KILLITS,
United States District Judge.

The greatest hardships from overwork fall upon the non-wage-earning mother.

—HENRY L. DOHERTY.

The widespread interest shown in the proposed franchise is evidenced by the fact that the Keystone Bible Class of the First Congregational Church asked Mr. Doherty to make an address in lieu of the regular Sunday School lesson. To the seventy members of the class, Mr. Doherty said, as reported in the Toledo "News Bee" of October 25, 1914:



HENRY L. DOHERTY to seventy members of the Keystone Bible Class of First Congregational Sunday School on Sunday.

MORALITY IS "PRACTICAL"

Doherty said: "It is unique for me to address a Sunday school class. The tendency of the church today is to drift so far away from the ordinary man that he feels out of place there. My morality is of a practical kind. I believe the man who contributes to the betterment of the service of his fellowmen through business is doing more for humanity than the minister.

"Since we have had charge of your street car system we have tried to demonstrate that we want to give Toledo people what we know you want. We still are handicapped, but we have done more, we believe, than could be expected of us under the cir-

cumstances. Our theory is to give the best possible service. If we don't win in the franchise issue we are going to continue to give Toledo people good service just the same.

EXPECTS CITY TO GROW

"When I consider the marvelous advantages of Toledo I wonder that it isn't a city of 500,000. We bought properties here expecting it would grow to that size. My plan was to build by-product coke ovens here, and in that way facilitate greatly the industrial work of the city, and otherwise advance its commercial and industrial interests. The railroad advantages of Toledo are truly remarkable.

"This city is destined to grow and we want to contribute our share. Any statement that we are working to advance the interests of the city solely to get a franchise is absolutely untrue and unwarranted.

IS EYESORE TO SOME

"I came to Toledo because I believe Toledo is destined to become a great city. Its opportunities for expansion are unlimited. But Toledo has been and still is known as an eyesore to public utility men throughout the country, and a decidedly retarding agency toward the development of public utility service.

"One man said last evening that our properties here weren't worth more than \$200,000. I can show you where we have expended more than \$1,400,000 in the last two years.

HIS TALK WITH WILLYS

"A short time ago while in conference with Mr. Willys he said to me: 'I wish you would get this street car question settled. I have extensive plans for more factories, but I won't go ahead until the question is disposed of.' Mr. Willys is very anxious to get the issue settled, as are all the leading business and manufacturing interests of your city.

"From information I have received from Mr. Willys and from general indications I think Toledo's population will increase 100,000 in the next four years.

"The company's present facilities are entirely inadequate. They aren't nearly large enough to meet the immediate demands. An expenditure of \$2,800,000 should be made at once, to say nothing of an allowance of \$50 per capita for increased population. This means a total expenditure of about \$5,000,000. You

can see that we can't afford to go ahead with these improvements on a day-to-day lease.

"I know of nothing that will retard the growth of a city more than handicapped or undeveloped street car service. For that reason you should be interested in settling the question at once. Unfortunately, we are in a position of having many people dabble into our business. Some of them are sincere, but they know absolutely nothing about an investment of a million dollars.

"We are now having it said by the 'News Bee' and others that the ordinance is not what it should be. Mr. Dotson says the franchise committee and our attorneys met for considerably more than a year, that at these meetings were representatives of the three newspapers, protecting the interests of the people.

"There were many who were heard, and whose ideas were embodied in part of the ordinance. Those who are now protesting most bitterly failed to appear before the committee and offer suggestions.

CAN'T FIND A WITT

"I take but little stock in the Cleveland plan. I don't know where there is a Peter Witt in Toledo. He is a wonder and is responsible largely for the success of the Cleveland plan. The Cleveland system eliminates 1,200 stops. Relatively, we would have to eliminate 400. I don't see how it can be done.

"In the drafting of this ordinance I tried hard to protect the city's interest as well as our own. I did this for a selfish reason, because I knew the ordinance would be scrutinized by every lawyer in Toledo, and that every possible complaint would be made against it.

"One man protests against one provision, another against another. The man who says he will not vote for the ordinance because there is one provision that is objectionable to him reminds me of the boy who picks up his playthings and goes home because he can't have everything his own way."

CALLS FOR QUESTIONS

Doherty called for questions.

The questions and the answers given by Doherty were as follows:

What have the anti-franchise men offered as substitutes for the Dotson ordinance?

Nothing but delay.

Is the average fare in Toledo less than in Detroit, Cleveland or Columbus?

Relatively it is, but not in reality. Toledo is peculiarly situated; it covers an extensive area and therefore it is difficult to make a comparison.

How about municipal ownership in San Francisco?

San Francisco has no bearing here whatever. Municipal ownership in San Francisco may or may not be a success. At any rate the ordinance is so drawn that the city can take over the street cars at any time. I do not believe in municipal ownership. My father did. He was superintendent of the Columbus water works, a municipally owned utility, but he died young.

WHO OWNS SYSTEM

Who are the present owners of the street car system in Toledo?

The biggest single owner is the Cities Service Company. It is the owner of many properties throughout the country. It in turn is owned by the H. L. Doherty Company.

In closing Doherty said: "We expect to be here and live here for twenty-five years under the franchise, and we want peace and harmony in the community.

"There never has been a cigar, a nickel or a penny given illegitimately in an effort to secure this franchise. There never will be any dishonest methods, whether we win or lose.

"Everything shall be done in the open. No back room methods."

We have our own methods of doing business and don't copy any one. We watch others, create for ourselves and take the best from all sources.

—HENRY L. DOHERTY.

This franchise was defeated, and shortly thereafter the so-called "Newspaper Franchise" was prepared by a committee on which the chief representatives were the editors of the "News-Bee" and "Blade." While negotiations were under way for drafting this franchise the employes of the street railways went on strike. After consultation with Frank R. Coates, President of

the Toledo companies, Mr. Doherty agreed to a new policy in handling strikes.

There were a number of demands made by the employes, all of which were satisfactorily settled except that union men should be permitted to wear a union button when on duty. The Company refused this demand and the strike was called. Contrary to the usual procedure of strike breakers, riots and attendant troubles, the Company simply notified its inspectors to run the cars into the barns where crews insisted on wearing buttons. If other employes could not be found to take the cars out, they remained in the barns. Mr. Coates took the position that the Company was ready to run the cars and that there was no issue between it and the men except the wearing of union buttons. For thirteen days no cars were operated, after which the men decided to come back to work.

Meanwhile certain politicians attempted to make capital of the situation, and, among other things demanded that the Company be thrown into the hands of a receiver—their idea being that the court could order the men back to work or that the court would consent to the wearing of union buttons while on duty. The "Blade" of April 4, 1916, ran the following article:



HENRY L. DOHERTY will neither oppose nor ask for appointment of a receiver for the Rail-Light.

Mr. Doherty Tuesday morning submitted to Federal Judge Killits in open court, a complete statement, from his viewpoint of the street car tieup. It was dictated by Mr. Doherty himself.

It is not in legal phraseology.

Mr. Doherty, in the statement says he prefers to leave the question of appointment of a receiver in this crisis wholly to the discretion of the court. The statement follows:

Hon. John M. Killits,
Toledo, Ohio.

April 3, 1916.

Dear Sir: Since the election in November, I have been trying to work out the destinies of the Toledo Railways and Light Company, without the aid of attorneys and without resorting to court procedure.

I have had no advice from my attorneys since the November election, and do not yet know what advice they will give me.

Regardless of their advice, I want to file the following communication with you for your careful consideration and you can regard it as a statement, a petition, or anything you wish. If it is not a proper document for such a proceeding as this, then I hope you will accept it as the expression of one who means to convince everybody, if given the opportunity to do so, of his sincere desire to serve the city of Toledo, and as an expression of confidence in the same sincerity of purpose on the part of the man to whom it is addressed.

COMPANY UNDECIDED

At this time the company does not know whether it should resist the application of the city for a receiver for the property, or whether it should join with the city in making this request. The appointment of a receiver at this time for this emergency, might prove a great hardship to the company and to the city of Toledo. On the other hand, the emergency which confronts the company may prove vastly more disastrous, both to the city and the company, than would result from the appointment of a receiver.

PLEADS FOR CARE

The sole purpose of this communication is to plead for careful thought and consideration before some definite action has been taken, that may later prove unwise. The emergency is so farreaching that no one man, or group of men having partisan interests should enforce their judgment upon others, and if it is necessary to resort to the judgment of some impartial court or some impartial group of men, then this court or this group of men should take no definite action, until the participants have been fully heard and no chance is left for an honorable conciliation.

I am peculiarly and individually responsible for many matters in relation to the present situation of the Toledo Railways and Light Company. The control of this company was acquired by the Doherty interests in spite of the advice and counsel of all of our friends and associates, and was wholly taken over on my individual request, with virtually a pledge to my associates that I would undertake to straighten out the entire situation. I have always had an unwavering faith that this city, on account of its many advantages would become one of the great commercial and industrial centers of the country, and I see

no reason, as yet to commence to offer excuses for the failure of my prediction.

A DIFFICULT TASK

Since we acquired the Toledo Railways and Light Company we have had a peculiarly difficult problem to solve, which has been continually complicated by new and unexpected elements being injected into the general problem. If patience, sincerity and faith in ultimate justice, are bound to eventually receive their reward, then we feel that all of our problems are simply temporary in character.

We regret exceedingly the inconvenience the public are now suffering through the lack of street railway service. The people of Toledo should need no assurances from us that if an honorable sacrifice on our part would secure this service, that sacrifice would be gladly made.

Two years ago, in spite of the selfishness of politics and an attempt to stop the operation of cars, the company carried all those who were misinformed, or unwilling to play fairly as free passengers, from March 27, 1914, until September, 1914, even though we were compelled to pocket a loss of several hundred thousand dollars.

CITY DEMANDS SERVICE

If this city is to grow and prosper, it must have an adequate transportation system. Long ago we made up our mind if the city would not establish the condition necessary to enable us to provide an adequate transportation system, then we would sacrifice all pride in the matter and endeavor to have the city provide such transportation by whatever other agencies they had at their command.

It would be a comparatively simple matter to stand back and permit the city to have its growth and prosperity retarded by the lack of such a transportation system, until such time as even the city and its citizens were suffering more than the interests of those in control of the traction property.

After long and arduous effort, and working in conjunction with the city authorities, we framed and submitted at the last election, a franchise to the voters of the city. This franchise was more than fair to the city. It contained no "jokers" and it contained no clause disadvantageous to the city. In spite of this fact, however, it was rejected by a majority of practically six

thousand votes. The people had, however, become aroused to the necessity of some prompt settlement of this question unless the future of the city was to be jeopardized.

HAD HARD JOB

The newly elected mayor, immediately after his election, appointed a committee consisting of a number of men who had been active for or against the franchise, including myself. The element opposed to the franchise objected to my being a part of the committee, and their very first act was to insist upon my removal from the committee. I mention the above to support the statement previously made, that we were continually confronted with new and unexpected conditions, which made the solution of our problem peculiarly difficult. I also mention this, and will endeavor to show, that no matter how difficult our problem has been, we have never sulked.

I have maintained at all times that for the good of the city, this problem would have to be settled and have also maintained that it could not be properly settled without the cooperation of the company.

TENDERED HIS SERVICES

My services were tendered to this subcommittee but were not called upon until every effort had been made to invite expression of opinion from any who chose to express them. The subcommittee finally sent for me, and without evasion or delay, I gave them all facts, answered all questions, and laid before them everything which they asked for, and conceded many things without receiving in return any concessions on their part. I do not want this to be interpreted as in any way a criticism of the subcommittee or any member of the subcommittee, but simply as proof on our part that regardless of pride or other considerations, we intend to secure the speediest possible settlement of this problem in the interests of the city. This committee was composed of four men representing the most radical groups that had opposed the granting of a franchise to us. The men composing the committee were, by virtue of their previous position, inherently antagonistic to us. In spite of this antagonism, we succeeded in working out a plan which I predict will prove a great success, and will give Toledo a reputation for progressiveness which will attract attention throughout the country.

The subcommittee informed me that they would consider nothing else than some plan that would bring about municipal ownership, or its equivalent, at the earliest possible moment. I told them that I did not believe in municipal ownership, but told them that we did not lack in spirit of cooperation and that we would show our gameness by assisting them in whatever they felt it was best to do, we believing that nothing could be so prejudicial to the interests of the city as to retard some settlement that would permit adequate street railway facilities to be had.

GOOD PURPOSES SOUGHT

There is no man connected with our company who does not want to see the good purposes secured universally that are contended for by the unionization of labor. There is, however, a feeling more or less general amongst the employers of labor, that abuses have crept up in labor organizations and frequently the same abuses are not feared simply by the employer, but by the employe as well. Union labor leadership is sometimes tyrannical and oft times intolerant and arrogant. In the dealing between the subcommittee and the company I endeavored, as far as possible, to eliminate all matters of future detail.

UNION LABOR QUESTION

However, the question of union labor did come up. Messrs. Wright and Cochran were insistent that the men should be unionized. They made it plain that the matter could be worked out without any disturbance of general conditions. My only fear was premature action by salaried representatives of the unions who might, for the sake of personal credit, attempt to forestall the benefits that would result from the proposed settlement—a fear which is amply justified by recent events. To remove any obstacle I agreed to this, naming certain conditions which would tend to insure against abuse. I knew at this time that many of our employes, and some of these ex-union men, were not in thorough sympathy with union labor conditions in general, or with the particular manner in which union affairs were conducted, in this particular community. This is not surprising when it is remembered that in the street railway problem an effort has been made by the union labor leaders to force all union men to be against all matters relating to a settlement of the street railway problem, whether it was or was not a matter of particular interest to the labor unions.

At the time of the controversy over the three cent fare, many of the local unions exercised what I believe to be a tyrannical power in threatening to fine all their members who paid their fare.

Shortly after my word had been given that the men would be unionized a sudden and unexpected activity sprang up, which on further investigation I think will be found to have resulted as a matter of competition as to who should get the credit of unionizing them. My agreement as to unionizing the men was with the understanding in my mind that it would be done peaceably and not in the present belligerent and warlike fashion which is being used, and if Your Honor has any doubt that union labor leaders are not intolerant and arrogant at times, then you need only inquire of any disinterested portion of the audience who have heard the expression of spokesmen for the organized men at these recent conferences. I believe, on the whole, that our street railway men in Toledo, organized or unorganized, represent as good, or even a better group of men than can be found in any place in the country. It has always been my desire that the harmony and cooperation between these men should not be disturbed.

MAY SEEM TRIVIAL

The wearing of a button no doubt seems a trivial matter to many of the people of Toledo, but it was the method that was to be used to coerce those who did not want to join the union into joining it. There is no argument for the wearing of a button that need be considered in this particular controversy except to mark the man who does not wear it, and according to the spokesman, as given before a large audience in the council chamber, the man who does not wear the button is a "fool," a "traitor" and a "sucker."

We had refused to allow the button to be worn at the present stage of activities when a large portion of our employes were unorganized because we regarded it our duty to protect our men from insults, and liberty does not mean simply the right to join a union, but the right to join or not to join it as each man sees fit to do.

SEEK ONLY JUSTICE

While we appreciate the seriousness of the situation in forbidding the button to be worn, we felt that justice would, by any

other course, be traduced. We also feel that the tenacity which has been used to push the buttons in spite of our protests, can be explained only by the fact that the button is to be used to enforce a complete organization by coercion if necessary, and when the highest possible degree of organization has been secured, then demands will be made which may be beyond the limits of reason and which the company cannot accept and which will then lead to a serious conflict. The attitude of the organizers has been that of war from the very start. If we must have war (which I trust wise counsel will prevent), we insist that all conditions be reestablished as they were before the war was uselessly started. The attempt is not simply to enforce organization, but apparently to enforce organization under such leadership and such plans and conditions as a few instigators may wish to elect. When I endeavored to bring out from the spokesman of the organization leaders, why they attach so much importance to the wearing of this button, "Gentlemen, you have not organized simply for the purpose of wearing a button," and the reply came back that one of the organizers had within his pocket a twenty-one clause contract to be presented to us, covering all of the demands. We concluded it was wise to see whatever demands were going to be made on us, but this has been refused. The organizers say now that they are not prepared to tell us what their demands are to be until we have conceded to the present demands. They make their present demands as an ultimatum.

WILLING TO MEET MEN

We do not feel that we should subject the matter of the continuation of street railway service to a series of ultimatums which may spread over a long period of time and cause frequent interruptions to service. Every conference has deadlocked on the refusal of the men to make public their demands—the matter of wearing the button being held in the foreground to confuse the issue. We repeatedly offered to leave the button question for further consideration, and our position now is that we will either consider all of their demands at the present time or we ask them to withdraw any of their demands until they are prepared to submit all of their demands. We are now in the position where the men say at every turn, "We won't," and the company is forced to say, "We can't."

The officers of every public utility corporation should properly be the trustees for three interests: The public, the employes and the owners. My position in this particular situation is peculiarly one of such trust. I have given repeated assurance to each group that I would endeavor to do justice by each. The owners of the property have gone ahead with a wholly inadequate return on their investment, in fact more money has gone back into the property than has come out, and while a few have been paid their interest, other mortgages have gone without the payment of interest, and the stockholders have never received any return whatever.

The platform men have been inadequately paid, and have had to work under very trying conditions. Their patience has been sorely tried, and they seem inclined to force drastic action in their behalf, regardless of the welfare of the other two groups of people who are interested parties in the whole matter.

SERVICE IS POOR

The public is being inadequately served because the company is compelled to operate under unusual conditions. Under normal conditions, the car rider is never expected to pay more than enough to provide the operating expenses of the road, including wages and maintenance, plus a reasonable return on the necessary investment. Under normal conditions the street paving, purchase of new cars and other improvements are provided out of money raised by the sale of either bonds or stock. In Cleveland, for instance, additional stock is sold from time to time, by authorization of the city, to provide the funds needed for these enlargements and betterments. The company in Toledo has no way by which it can raise money for improvements or betterments. The city has already enforced the paving of certain streets against the protests of the company and have withheld an amount necessary to pay the city's claim from the bills due for street lighting.

DUE TO FRANCHISE ISSUE

The inconvenience being suffered by everybody is due entirely to a lack of settlement of the street railway problem. Immediately after the last election, we requested our men to appoint a committee to represent them in outlining the proper policy to pursue by the company in behalf of the interests which they serve. We explained to this committee of twenty-five men

that it would either be necessary for them to wait until a settlement had been reached in some other manner, or else it would be necessary for us to ask the public to voluntarily pay a higher rate of fare. We told our men that while we were loath to ask the public to pay a higher rate of fare, that we could do this and would do this if they felt their patience had been tried to the limit. After several meetings they decided to leave the decision regarding this matter in my hands. After further negotiations with the subcommittee, I was convinced that a settlement would be reached, and I had Mr. Coates meet with these men and tell them that in my judgment a settlement could be reached, and that it would be better to be patient and wait. Within a reasonable time from that date, the subcommittee had reached a plan to recommend to the people and the success of this plan had my supreme confidence. While the committee were working out the details of the plan, this sudden agitation for organization and the forcing of demands flared up.

ADMITS WAGES LOW

At one of the first meetings of this committee, I had stated that the men were inadequately paid and that one of the first efforts would be to secure for these men better pay and better working conditions. I told them about the proposition which I had made the men, and the committee insisted that I do nothing which would create either a problem or a crisis until they had had ample opportunity to bring about a final settlement. A similar request was made on the organizers of this movement soon after their efforts to organize, but the present leaders have apparently tried to show an utter contempt of the request of the company and the request of the subcommittee. The attitude of the labor leaders in this particular crisis has been one of "to hell" with anybody who did not care to agree with every order or ultimatum they might care to issue.

POSITION REASONABLE

I feel that our position is so reasonable that we would almost be willing to submit our position to a decision of the most prejudiced person or tribunal, and I am endeavoring now to induce those men to bring in some leader of labor of recognized standing to advise with them. I cannot believe that they will continue to maintain their present attitude if given the benefit of fresh counsel, unprejudiced by what has already happened and

versed in general situations of this character. There is no war that ever happened that ever had a sufficient cause. Our own Civil War ought never to have happened, and many a man might have given the right trend to the whole situation at some time previous to that war and probably he would have gone to an unmarked grave. There is not the slightest excuse for trouble in this present situation, and yet it seems inevitable unless fresh counsel in brought in to show us where we are wrong or else to show the labor leaders where they are wrong.

Any settlement in this matter will not be a final settlement unless it is a reasonable settlement to all and I fear that any compromise may simply lead to more serious trouble at a later date. I therefore plead for a most thorough investigation, whereby a complete understanding of the whole problem may be had before your decision is reached.

Yours sincerely

(Signed) HENRY L. DOHERTY.

I would like to live my life so fairly that I could die in any other man's religion without fear.

—HENRY L. DOHERTY.

The receiver was not appointed and the strike died of its own weight. Meanwhile the "Newspaper Franchise" was being framed, but, as the committee's draft was not satisfactory to the Mayor and presumably would not have been accepted by the council, it was never submitted either to the city administration or to the public. The "Newspaper Franchise" follows:



RENEWING, granting and extending to the Toledo Railways & Light Company, its successors and assigns, for a term of twenty-five years, subject to the provisions hereafter contained in this ordinance, its grants, rights, privileges and franchises to maintain and operate its system, tracks and lines of street railway upon the streets, avenues, public ways, places, and parts thereof, hereinafter mentioned, in the City of Toledo, and prescribing the terms and conditions thereof, including the rates of fare, regulating transfers, providing for municipal ownership, terminating existing grants, and

repealing provisions of any and all ordinances and resolutions and parts of ordinances and resolutions inconsistent with the terms of this ordinance.

BE IT ORDAINED BY THE COUNCIL of the City of Toledo, State of Ohio, as follows:

Whereas, The Toledo Railways & Light Company, a corporation duly organized under the laws of the State of Ohio, hereinafter designated "Company," or "The Company," is the owner of and now engaged in operating certain lines of street railways in the City of Toledo, Ohio, being the lines heretofore owned and operated by it, and being the same lines mentioned in the title hereof; and

Whereas, said several lines of street railways owned by said Company are held and operated by it under the authority of ordinances and resolutions passed at various times and for various periods, and containing various and inconsistent conditions as to the operation of lines of street railway thereunder and so limiting the franchises thereunder granted that many thereof have heretofore expired, and others thereof expire at different dates, up to and including the year 19.....; and

Whereas, in order to improve the service to be rendered by said Company, it is desired that the several lines of street railway now operated under separate and different franchise ordinances and resolutions, as well as those which are being operated where the franchises heretofore authorizing the same have expired, may be operated by said Company as one complete and entire system, thereby better accommodating the public, and facilitating the running of the cars of said Company; and

Whereas, it is desired that the franchise rights of said Company to maintain and operate its tracks and lines of street railway upon each and all of said several streets, avenues, public ways, places, and parts thereof, shall be made to expire at one and the same time; and

Whereas, it is desired that the burden to be borne by said Company, in the way of payment of cost of street cleaning, sprinkling, paving, and repairs upon the several streets, avenues, public ways, places and parts thereof occupied by its lines shall be uniform; and

Whereas, the provisions of the existing ordinances and resolutions under which the said Company claims the right to maintain and operate its lines of street railway upon the several streets, avenues, public ways, places, and parts thereof, prescribe different and varying rates of fares, and it is desired that there shall be uniformity in and a readjustment of the rates of fare, and a general system of transfers applicable to each and every part of the system of street railways now owned and hereafter acquired, extended and operated by said Company; and

Whereas, said Company is desirous of cancelling all street railway grants that it now owns and receive new renewal grants, rights and privileges and franchises on the streets, avenues, public ways, places, and parts thereof, hereinafter named, for the term of twenty-five (25) years upon the conditions hereinafter prescribed in this ordinance, the same being conducive to the public welfare; and

Whereas, the Citizens of Toledo did, on the 4th day of August, 1914, enact an ordinance providing for the ownership, by the City of Toledo,

of the street railway, electric light, power and gas utilities and the Council of the City of Toledo feel that, at the present time, the City of Toledo is unable to purchase, construct or maintain such utilities; and

Whereas, the ordinance of August 4th, 1914, adopted by the citizens of Toledo providing for Municipal Ownership of the street railway and other properties, shall not be changed, altered or affected in any respect by the provisions of this ordinance, nor shall this ordinance be construed as repealing, in any respect, said ordinance of August 4th, 1914, and the city of Toledo, by adopting this ordinance shall not waive any of the rights which it may have by virtue of said ordinance adopted August 4, 1914, nor shall the Company by accepting this ordinance waive any legal defense or right which it may or might otherwise have in any action or proceeding which may be hereafter brought to enforce or carry out any of the terms or provisions of said ordinance adopted August 4, 1914.

Now, Therefore, Be it ordained by the Council of the City of Toledo, State of Ohio:

SECTION 1. The Company is hereby given and granted by the city upon the conditions herein provided, and upon no other, renewals, grants and extensions for a term of twenty-five (25) years from and after the date at which this ordinance shall go into and take effect subject, however, to the provision of Section 5 hereof, of the rights to construct, reconstruct, maintain and operate its existing street railroads and street railroad system of single, double or more tracks, as the same now exists or may hereafter exist in the City of Toledo, with all necessary curves, street crossings, connections, turnouts, crossovers, Y's, loops, poles, trolley, feed and guy wires, poles, structures, conduits, equipment and other appliances subject to the provisions of Section 7 hereof, upon, over, in, under and along all of the streets, avenues, public ways, places, and parts thereof, in the City of Toledo, and its boundaries as hereafter extended, upon which the present tracks, property and system of said Company are now, and may be hereafter placed and located, and which said streets, avenues, public ways, places, and parts thereof, include the following, viz.:

(Here copy description of streets, etc., now occupied.)

If, in the above enumeration, any streets, avenues, public ways, places or parts thereof, now occupied by any part of the present street railway property, and system of the Company, have not been named, it is nevertheless the intention hereof that the same shall be included within the street railway property and system described herein, provided, however, that the operation of the system above described shall be subject to any and all changes and eliminations directed to be made by the expert or experts, as provided in Section 2 hereof.

SEC. 2. During the first four (4) months from the date this ordinance takes effect an appraisalment and a rearrangement of the lines of such railway system within the City of Toledo, shall be made and prepared by the commissioner or commissioners hereinafter referred to, with the view of giving the actual value as hereinafter defined and the best service

to the public consistent with the highest operating efficiency, and on or before the expiration of such four (4) months, unless additional time, not exceeding two months, is granted by the council, such commissioner or commissioners shall report such appraisal and proposed re-arranged system to the Council, and a complete schedule of the number of cars to be operated over the various lines and the schedule of the time for the running of said cars. Such re-arranged system shall provide for what is known as a cross-town line, located as the City may require, and for such additional tracks, extensions and eliminations of existing lines as the City may direct. The Mayor, with the approval of the Council, shall, within sixty (60) days after the going into effect of this ordinance, appoint a commissioner or commissioners not to exceed three in number for the purpose of making said appraisal and laying out such re-arranged system as herein provided, and furnishing information and recommendations to the City with reference thereto as the City may require, and the Company shall reimburse the City for all sums paid by the City as compensation and expenses of such commissioner or commissioners, up to the sum of twenty-five thousand (\$25,000) dollars, in the aggregate, which reimbursements and payment shall be made by the Company to the City from time to time within thirty (30) days, from the presentation of a bill therefor by the City Auditor. In determining the value of said street railway system the same shall be appraised at its actual value as a going concern, exclusive of any and all franchise rights and privileges granted to it by the City of Toledo.

The Council may adopt the re-arranged system recommended by said commissioners with such modifications and changes as Council may deem necessary to make, within two months after report thereof by said commission to the Council and in the event a re-arranged system is adopted by Council on or before two months after the date the re-arranged plan is reported to Council then the above renewals, grants and extensions shall for the period said franchise rights continue, apply to and permit the construction, reconstruction, maintenance, elimination and operation of such re-arranged system, which re-arranged system shall be completed within two years from the adoption of such re-arranged system by Council and said Company shall proceed at once to construct and shall fully complete, within ten (10) months from the date that Council adopts said re-arranged system all necessary work to make existing lines included in the re-arranged system, conform thereto and available for operation thereof from said date and during the said try-out period, and said Company shall within said ten (10) months, also install a full and complete equipment of Pay-as-You-Enter Cars or Pay-as-You-Leave Cars with Fare Box Receivers upon all lines of the system, and in the event the Council shall not adopt a re-arranged system upon the streets, avenues, public ways, places, and parts thereof within the said two months, then the above renewals, grants and extensions shall apply to and permit the construction, reconstruction, maintenance and operation of the present railway system upon the streets, avenues, public ways.

places and parts thereof herein above described, and to such changes and alterations of such system as may thereafter be made by Council and agreed upon from time to time during the period such franchise rights shall continue. Franchise rights herein granted shall terminate, to such parts of the system as may be eliminated, and the City shall not be liable for damages or otherwise for any loss of such franchise rights.

The Company shall remove its tracks and structures from the lines so eliminated, and shall restore the streets, avenues, public ways, places or parts thereof, from which such removal is made, to a condition equally as good as before such removal, all of which work shall be completed within four (4) months from the time of the elimination of street car operation upon any such street, avenue, public way, place or part thereof.

SEC. 3. The Company, except as to charter cars to private parties, and as in this ordinance provided, shall be entitled to charge passengers during the time that this ordinance shall be operative the following rates of fare, to-wit:

The charge which the Company may make and receive during the continuance of this franchise for one continuous trip in one general direction within the present or future limits of the city over its Street Railway property, in all instance thereof, whether owned, leased or operated by it, shall be as follows: (This, however, shall not apply to interurban lines.)

Children in arms shall be carried free. Children of the age of eight years and under, one cent each. Policemen and firemen of the City of Toledo whenever they appear on duty, and in uniform, shall be carried free as passengers on all passenger cars. All other passengers, until the commencement of the try-out period of twelve months as provided in Section 5 of this ordinance, shall be carried between the hours of 5:30 a. m. and 7:30 a. m., and between the hours of 4:30 p. m. and 6:30 p. m. at the rate of five (5) tickets for 15 cents, or a cash fare, in exact change, of 3 cents, which tickets or cash fares shall be accepted by the Company for carrying all passengers between said hours, and at all other hours of the day at the rate of six tickets for 25 cents, which tickets shall be accepted by the Company for the carrying of passengers at all hours of the day when presented by a passenger for that purpose, all of which tickets shall be on sale at all times in all of the regular passenger cars of the Company, under penalty of carrying passengers applying for tickets at a 3 cent cash fare or a 3 cent ticket. All other passengers not demanding tickets shall be carried at a single cash fare of 5 cents each, during the continuance of this franchise.

From and after the expiration of the "TWELVE MONTHS TRY-OUT PERIOD," the rate at which tickets shall be sold for the carrying of passengers upon the cars of the Company shall be established as provided in Sections 5 and 6 of this ordinance.

Each passenger demanding a transfer at the time of paying his fare shall be entitled, without extra charge, to a transfer from the route upon which he shall have paid fare to any other route except in a substantially

opposite direction on a route parallel or substantially parallel to the said first route; and to ride continuously to any point upon said second route within the limits of the City, provided he transfer to the first car upon which such transfer is valid, with adequate accommodations, passing the point of transfer. Said transfer shall be good and valid, and entitle the original holder thereof to ride on any route running in substantially the same direction as the route from which such transfer is issued. The City reserves the right, subject to the foregoing provisions, to designate from time to time the points of transfer, and to reasonably regulate the route from and to which the transfers are issued.

SEC. 4. The Company, upon taking effect of this ordinance, shall proceed, by the acquisition of new cars, or by the alteration of existing cars, to install and maintain the pay-enter or pay-as-you-leave system of fare collections on all cars, and at the commencement of said try-out period the Company shall have all of its regular passenger cars of the Pay-enter or Pay-leave type. The phrase "Pay-Enter Car," or "Pay-as-you-Leave Car," as used in this ordinance, shall be held to mean a car equipped with a fare box, and so arranged as to effectively provide for the payment of fares by passengers, on entering or leaving said cars.

SEC. 5. Within said ten months from the date that council adopts said rearranged system the Company shall have the entire Street Railway System fully equipped with Pay-as-you-Enter or Pay-as-you-Leave cars with Fare Box Receivers, and the reconstruction of the existing lines to conform to the rearrangement, at which date the 12 months' try-out period shall commence and continue for the period of 12 months, during which 12 months tickets shall be furnished by the Company to passengers at the rate of five tickets for 15 cents, which tickets shall be accepted by the Company for the carrying of passengers at all hours of the day, all of which tickets shall be on sale at all times in all the passenger cars of the Company under penalty of carrying passengers applying for tickets at a 3 cent cash fare; however, if the Company fails to have the System fully equipped with Pay-as-you-Enter or Pay-as-you-Leave cars as herein provided within said ten months' period, said above rate of fare prevailing during said try-out period shall continue after the expiration of said 12 months' try-out period until the same has been in operation for a full and continuous 12 months' period after said system has been fully equipped with Pay-as-you-Enter or Pay-as-you-Leave cars, and the fact as to the completion of said rearranged lines and of said equipment as aforesaid and the date thereof, if the City and the Company shall be unable to agree upon said facts, shall be determined by three Arbitrators chosen in the manner provided in Section 7 hereof, who shall finally determine said facts and shall file a report of their findings in duplicate, one with the said Council, and one with the Company within 60 days from the appointment of the third Arbitrator, and the decision of any two of said Arbitrators shall establish said facts and shall be binding upon both the City and Company, but no liability shall accrue against the City for any loss to the Company or any deficiency of revenues resulting

from the operation and use of the said reduced rate of fare during said period, except as hereinafter provided.

If, however, said Try-out Period be at any time interrupted or delayed by a strike or lockout or by any other cause for a period of 24 hours or more, it is agreed that the time of such interruption or delay shall not constitute any part of the try-out period but shall be deducted from such period and such period shall be extended for a time corresponding to such deduction, and such delay or interruption shall be regarded as existing until the regular service is again fully installed on all the lines of the system, it being the intention herein to have said try-out period cover a full 12 months' period during which the entire system shall be in full operation. The Mayor, with the approval of the City Council, shall appoint a Commissioner or Commissioners, not exceeding three, which Commissioner or Commissioners shall during said 12 months' try-out period have the right to examine all the property furnished for or used in the operation of said Street Railway System, and shall have full opportunity to make all such examinations of books, accounts, contracts and records as such Commissioner or Commissioners may desire or that may be required by Council for the purpose of ascertaining all of the income of the Company from every source of the Street Railway business, and to ascertain the operating expenses, including maintenance, renewal charges and depreciation of said Street Railway System.

Such Commissioner or Commissioners shall be furnished with suitable office room in such location as the Commissioner or Commissioners shall select and shall be occupied by them and any assistants that he or they may have during said period while engaged in making such examination and performing his or their said duties, and the rental charge therefor shall be borne by the Company as part of the operating expense of said Street Railway Business.

In the event the City does not adopt a re-arranged System within the time specified in Section 2 hereof, or within such further time as may be agreed to in writing by the City and the Company, then and thereupon the Council shall fix the date for the commencement of said 12 months' try-out period, which said date shall be not more than 90 days subsequent thereto.

Said Commissioner or Commissioners shall also, during said "TWELVE MONTHS' TRY-OUT PERIOD," have the right to direct, through the president or the acting executive officer of the Company, in charge of said Company, the operation of said street railway system as to routing, re-routing of cars, schedule of cars, and generally supervising the operation of the cars and street railway system, including the right to control and regulate the operating and maintenance expenses thereof, and no contracts for supplies and equipment for the Company for street railway purposes shall be made without the approval of said Commissioners, and the Company agrees that such directions from such Commissioner or Commissioners or a majority thereof shall be obeyed, and said Commissioners are hereby given full authority to enforce their said

instructions and orders in whatever manner they may deem necessary. Said Commissioner or Commissioners shall report to the Council from time to time any and all facts or information which he or they may obtain, so as to assist in arriving at a rate at which tickets shall be sold by the Company for the first five-year period after the expiration of said "TWELVE MONTHS' TRY-OUT PERIOD," as herein provided.

Such facts and information to be furnished by said Commissioner or Commissioners to the Council shall include among other things the following:

(a) All of the receipts and incomes of the Company from its street railway business;

(b) All expenses of the Company in the railway business exclusive of interest charges;

(c) Cost of operation;

(d) Cost for maintenance, including taxes and depreciation;

(e) Number of car miles operated exclusive of car yard miles and of cars operated for carrying materials used in the construction, cleaning and repair work of the Company;

(f) Number of passengers carried;

(g) Cost per car mile for maintenance, including taxes on the physical property and income tax;

(h) Cost per car mile for operation;

(i) Cost per passenger, for maintenance and operation, and such other items as Council and the Mayor shall direct to be furnished in tabulated form for each and every month of the try-out period.

The valuation as determined by the Commissioners as provided in Section 2 hereof, or in the event said valuation is arbitrated as herein-after provided, then such valuation as fixed by arbitration, to which shall be added the cost of any cross-town line and the extensions, changes and alterations made in re-arranging said system, shall be binding upon the parties hereto as the value for the purpose of fixing the rate of fare as hereinafter provided, but such valuation shall not include any allowance for franchise rights and privileges granted by the City of Toledo, but shall be valued as the property of a going concern and shall be known as the capital value thereof.

If the total sum of said actual operating expenses and of said cost of maintenance, including taxes and depreciation and an amount equal to a 6 per cent. return upon said valuation of the property of the railway system, shall together exceed the total gross incomes and revenues of the Railway Business during said try-out period or during any other period hereinafter provided for, then such actual difference or differences shall upon the determination thereof be added to the capital value of the property of said street railway system.

Said Commissioner or Commissioners shall also determine the condition of efficiency of said Street Railway System, and shall fix a minimum standard of efficiency, subject to the approval of the Council, below which said system shall not be operated under penalty of a forfeiture to the

City as hereinafter provided, of all of the net earnings in excess of the maintenance and operating expenses and 6 per cent. on the capital value of said property determined as aforesaid, and said minimum percentage of efficiency shall be not less than 85 per cent of the par efficiency thereof, which shall be ascertained and determined upon the basis that if the entire property, including the equipment, were in first class operating condition and the System in all substantial respects as laid out and adopted by Council, it would be considered par efficient.

Provided that if the findings of the Commissioner or Commissioners as to the efficiency of said Street Railway Property be unsatisfactory to either party hereto, then upon written notice thereof from such dissenting party to the other within fifteen (15) days after the report of said Commissioner or Commissioners has been filed with the City Clerk, specifying the ground of objections thereto, and thereupon said findings with the objection shall be submitted to three arbitrators to be chosen in the manner provided in Section 7 hereof, who shall consider said findings and objections and be furnished by both parties with all of the information and facts available from records, documents and from the testimony of witnesses or otherwise as said arbitrators shall direct. And said arbitrators shall have access to all books, accounts, receipts, vouchers, documents, contracts, charts, maps and records of the Company and of the City relating to the matter in controversy for the purpose of determining the character, condition and efficiency of the property and system of said Company, and it is agreed that the decision of said arbitrators or any two thereof shall be final and binding upon the parties hereto. If said Commissioner, Commissioners or said Arbitrators shall find that the condition of the efficiency of said property is below the minimum as herein provided, then said Company shall at once proceed to improve the System and restore its efficiency to the approval of the City of Toledo within ninety (90) days thereafter, under penalty of the forfeiture of the excess earnings herein as set forth in Section 6 hereof.

The Company shall reimburse the City to the amount paid by the City as compensation and expenses of such Commissioner or Commissioners, from time to time, but not exceeding Twenty-five Thousand Dollars (\$25,000) in the aggregate, which reimbursement and payment shall be made by the Company from time to time to the City within thirty (30) days from the presentation of a bill therefor by the City Auditor, and shall be charged to the operating expenses of said Company.

That the Director of Public Utilities of the City during the life of this franchise, and after the expiration of said "TWELVE MONTHS' TRY-OUT PERIOD," shall at all times have the right to examine all the property furnished for or used in the operating of said Street Railway System, the books, receipts, expenditures, records, contracts and maps of the Company pertaining to said Street Railway System, and shall have full opportunity to make all such examinations as such Director may desire, for the purpose of ascertaining the income and operating expenses of

said Street Railway System, and all other facts and information that Council may desire, and if the City so desires, the value of the property used in said Street Railway System.

In determining the value of the property of the Company whenever such valuation or valuations is or are made for the purpose of determining the rate of fare under this ordinance, there shall be taken into account and considered only the value of such property rights and interests of the Company as are above described, and the value of any additions, alterations and betterments thereto which have been made to the same up to the date of the fixing of such valuation or valuations, including the cost and losses occasioned by the changes and alterations required by the City to be made in altering said system, but there shall be deducted from such cost the value of any property or material now or then included in said city railway system which may be used in making such changes and alterations.

The bonds, stocks or other securities of the Company, now or then outstanding, and the franchise, franchise rights, and value arising out of any franchise or right to use the streets shall not be taken into account or considered in determining the value of the property owned or used by the Company in its said street railway system, or in arriving at the rate of fare at which tickets shall be sold by the Company.

After the first of January of each year, after the expiration of the said Try-out Period, and during the time this franchise shall continue in operation, the Council by a resolution duly adopted by it after three readings thereof, one reading at each successive regular meeting of Council, shall add to the capital value, as herein defined, the value of all extensions built and betterments made during the previous year by the Company as directed by the Council, but at the same time there shall be deducted from the capital value, the amount of depreciations of the property of the Company and the value of any property and material included in said Street Railway System, which could have been or may have been used in making such changes, alterations and betterments, and the total capital value thus ascertained, shall be the capital value upon which the 6 per cent. return to the Company and the excess thereof, if there be any as herein provided, shall be computed for the ensuing year, but it is hereby understood and agreed that no part of said 6 per cent return or of the excess thereof, is guaranteed in any manner herein to the Company.

SEC. 6. On or before the expiration of the "TWELVE MONTHS' TRY-OUT PERIOD" mentioned in Section 5, hereof, the rate of fare at which tickets shall be sold by the Company for a period of not less than five (5) years thereafter, for the carrying of passengers upon said Street Railway System, shall be stated by a resolution or an ordinance which shall be passed or adopted by not less than a two-thirds vote of the Council or such other board or officers then having the powers now exercised by said Council in that respect, or duly authorized thereto by existing law. If no rate of fare at which tickets shall be sold is

authorized as provided herein, then in that event the company may fix a rate of fare which shall be effective until such rate of fare has been authorized.

The basis upon which said fare shall be computed and determined shall include the following:

(a) A 6 per cent return on the capital value of the company's property used in the operation of said railway business determined as herein provided.

(b) The cost of operation of the railway system, and

(c) The cost of the maintenance, including taxes and assessments, exclusive of all the interest charges on the bonded indebtedness of the company, and a rate of fare shall be fixed as aforesaid, which together with all other earnings, revenues and incomes of the railway business, will cover said cost of operation and maintenance and produce a 6 per cent return upon said capital valuation.

The rate of fare so fixed shall be the rate at which tickets shall be furnished and sold by the Company to passengers demanding tickets for the period of at least five (5) years thereafter, unless said rate of fare together with all other revenues and incomes of the Company in the railway business shall be found and declared by a court of competent jurisdiction or by arbitrators as herein provided to be insufficient to produce the amount designated for maintenance and operation, including taxes and assessments, and a 6 per cent return upon the said capital value as hereinbefore provided, and the burden of proving such insufficiency shall always be upon the Company, but no such right of action or right of arbitration shall accrue until six months after the said rate of fare fixed by Council shall have been in operation, unless the Company is able to demonstrate that the rate so fixed will not yield return in excess of 4% upon the capital value.

If either party hereto desires to submit the question of the sufficiency of said rate of fare for determination, at any time, to arbitrators instead of a court, the same shall be so submitted upon written notice being given by said party to the other, and such arbitration shall be undertaken and arbitrators chosen in the same manner as provided in Section 7 hereof, and said arbitrators shall proceed thereupon to fully hear and determine the same, and the decision of any two of said arbitrators shall be final and binding upon the parties hereto, and shall become effective upon the filing of the decision thereof, with the Council of the City of Toledo, and a duplicate copy thereof, with the Company.

If said fare be found to be insufficient as aforesaid, and it be further found to produce a return of less than 6 per cent on the said capital value as herein provided, the said established rate of fare shall be inoperative on and after the date of such said finding as aforesaid, and thereupon the rate of fare that shall prevail from said date until council shall again establish the rate of fare as herein provided, shall be such rate of fare as the arbitrators or the court may fix and such arbitrators or court shall be and are hereby given the power to temporarily fix such rate as

will yield said return of 6 per cent. upon the capital value aforesaid, and such rate of fare shall continue in force until the council or such other Board or Officers then having the power exercised by said council in that respect or duly authorized thereto by law, shall by resolution, or ordinance, declare the rate at which tickets shall be sold thereafter in lieu of the former fare, which new fare shall be computed and determined in the same manner as provided in Section 5 hereof, and said new fare shall be adopted within 90 days after a certified copy of the decision of the court or arbitrators as the case may be, is filed with the Clerk of the City of Toledo. The fare so fixed by council shall be operative and effective in lieu of and the same as the original fare and subject to the same conditions.

The rate of fare so stated as aforesaid shall continue so long as neither party shall ask a revision thereof, but in no event for a period of less than five (5) years, and from time to time thereafter, during the term hereof, after the expiration of any five (5) year period, either party may ask in writing for, and have, revision of ticket fares, which shall be arrived at in the same manner and upon the basis aforesaid within ninety (90) days after such request, and any such revised ticket fare shall remain in force for a period of not less than five (5) years, but in any event no longer than the term of this ordinance.

Nothing contained in this section or in this ordinance shall be held or construed to in any way prohibit or prevent the submission of any such resolution or ordinance passed by the Council or such other Board or Officers then having the power now exercised by the Council or duly authorized thereto by existing law, stating the rate of fare at which tickets shall be sold, to the electors of the City of Toledo under a referendum vote in the manner provided by law and not inconsistent with the provisions herein.

After the expiration of said try-out period and during the continuance of this franchise, the Company shall transmit to the Council and Mayor of the City of Toledo between the first and tenth of each month, monthly statements in the same respect as to form, character and classification as those transmitted by the said commissioner or commissioners, and such report shall show the condition of efficiency of said Street Railway System from month to month as above set forth. And on or before the 15th day of January of each year, the Company shall report to the Council, in writing, and in detail, all its assets, liabilities, receipts and disbursements for the preceding calendar year and as of the close of its business on December 31st of such calendar year, relating to its street railway business, and said report to be in all respects in form, character and substance as provided in Section 223 of the Charter of Toledo, adopted November 3rd, 1914, and at the end of each year during the period of this franchise shall continue, if the earnings of said Company from its street railway business produce more than a 6 per cent. profit on the value of its street railway property determined as aforesaid above the cost of operation and maintenance including the taxes and assessments

and if the efficiency of the Company's Railway System during said year was maintained at or above the minimum percentage of efficiency thereof as hereinbefore provided, then the Company shall have and receive one-half ($\frac{1}{2}$) of such excess earnings for such period and one-half ($\frac{1}{2}$) thereof shall be paid into the Treasury of the City of Toledo, but in the event that the efficiency of the Grantee's Railway System is found to be or was at any time and for a continuous period of three months or more below the said minimum efficiency thereof, then such excess earnings shall all be paid to the City of Toledo. In the event of dispute or disagreement between the City and the Company as to the efficiency maintained during any period, the same shall be submitted to arbitrators as provided in paragraph 7 hereof.

SEC. 7. Under the provisions of the ordinance enacted by the City of Toledo on August 4, 1914, the City not waiving any of the rights which it may have by virtue of said ordinance adopted August 4, 1914, and the Company not waiving any legal defense or right which it may or might otherwise have in any action or proceeding which may be hereafter brought to enforce or carry out any of the terms or provisions of said ordinance adopted August 4, 1914, the City expressly reserves any and all rights which it may have under said ordinance to acquire the Street Railway Property of the Company at its appraised value, which shall be determined by arbitration as hereinafter provided, at any time during the term hereof, upon notice in writing to the Company of at least twelve (12) months, or upon the purchase of the Company's property being submitted to an initiative or referendum vote, and a majority of the electors of Toledo who vote thereon, voting favorably to the purchase of said property, then the right of purchase may be exercised after sixty (60) days from the date on which the result of such an election is determined. The property so to be purchased shall include all property rights and interest such as are described in paragraph 14 of Section 3677 of the General Code of the State of Ohio, as amended in Volume 103 of Ohio Session Laws, pages 496 to 498, owned by the Company, and which are used and useful in the operation of its electric railroad system, but not including its power house and power house equipment; but at no time shall the Company claim nor shall the City include in the property, rights and interests as purchased, any street railway franchise now or hereafter to be granted by the City of Toledo, nor shall any value be placed upon said franchise, nor shall the Company claim any right to be paid, nor the City be required to pay, said Company for said franchise rights, it being agreed that said valuation and sale shall be made as if no franchise existed, and the property shall be valued as a going concern.

In determining the value of said property of The Toledo Railways & Light Company, the appraisal shall be made in the following manner, that is to say, the City shall appoint one arbitrator, and within ten (10) days after receipt of notice in writing from the City, the Company shall appoint one arbitrator, and immediately in writing notify the City and the arbitrator of said appointment, and in the event the Company fails

to appoint such an arbitrator, or to give notice thereof, as herein agreed, then after the expiration of fifteen (15) days after notice from the City in writing to so appoint an arbitrator, the City shall appoint the arbitrator in the Company's stead, and the arbitrators so appointed shall, after receiving notice in writing from the appointers, meet and select a third arbitrator within ten (10) days after notice in writing from the City or Company, as the case may be, of the second arbitrator's appointment, provided, however, that if the two (2) arbitrators chosen shall not agree upon a third arbitrator within the said ten (10) days, then, upon the written application of either the City or the Company, addressed to any judge of the United States District Court for the Northern District of Ohio, such judge shall appoint such third arbitrator, within ten (10) days after receipt of said application and the powers and duties of such third arbitrator shall be in all respects the same as hereinbefore provided, and the three (3) arbitrators so appointed shall make a full and complete inventory and appraisement of the Company's property, rights and interests used and useful in the operation of its electric railway system as above provided, not including the power house, which inventory and appraisement shall be made within six (6) months from the date of the selection of the three (3) arbitrators and the decision in writing of a majority of said arbitrators shall determine the appraised value of said property, rights and interests, which decision shall be reported to the Council of the City, and thereupon council shall elect to accept or reject such decision within thirty (30) days, Provided, however, that upon the unanimous request of said three (3) arbitrators, additional time shall be allowed for the completion of such inventory and appraisement, not exceeding, however, three (3) months.

If the City shall elect to purchase said property at the valuation fixed by said arbitrators, it shall have the right, after said appraisement has been made, to issue its bonds to provide for the payment of the amount of said award, and the right to secure said bonds by a franchise from the City to the Trustee of said bonds authorizing the purchaser of said railway property under a foreclosure sale thereof, to operate said railway system and by a mortgage on said property, said mortgage to be a valid first lien thereon which shall become and be effective as such upon payment or tender of the amount of said award to the Company by certified check, draft or other like order for the immediate payment of said sum and the Company upon payment to it by the City of said award or tender thereof as herein set forth, shall thereupon sell and transfer to the City by proper conveyance all of its said properties embraced in said award free and clear of all liens or incumbrances, and shall therewith surrender to the City all the franchise rights and privileges herein or hereafter granted, but in the event the Company shall fail so to do, within the time aforesaid, then the City shall have the immediate right and authority thereupon to enter upon, take over and possess as its property, all the property, plant and equipment of every kind and nature included in said award, and thereupon all the franchise

rights and privileges herein granted shall terminate and be void and of no effect.

In case the City purchases the property and takes over the rights and privileges of the Company, as provided in this section, then and in that event the Company agrees that it will, at the request of the City, furnish the City electric current necessary for the operation of said street car system at a rate not to exceed the lowest rate at which power is furnished to any other consumer of said Company, but at no time to exceed 1 cent per Kilowatt hour for a period of at least 24 months after the date on which said property, rights and privileges are acquired by the City, and for such further period as the City may desire, at a reasonable rate to be agreed upon, or if not agreed upon to be fixed by the public utilities commission.

Nothing contained in this ordinance shall prevent or interfere with any right which the City now has, or may hereafter have, to condemn or appropriate all or any part of the property of the Company, including its power station.

If the City elects to proceed according to the statutes of the State of Ohio now or hereafter in force, to condemn said street railway property, rights and interests, and take the same at the price determined in a court of competent jurisdiction, at no time in said condemnation proceedings nor in the acquiring of said property shall this franchise of the Company be considered as of value, and the franchise, rights and privileges granted herein shall be surrendered to the City upon the election of the City to take such property, rights and interests, including the power house, and power house equipment, and upon the payment therefor of the price determined in said condemnation proceedings, and all said franchise rights shall thereupon cease and terminate. Whenever in this ordinance arbitration is mentioned, it may be invoked by the railway or the City in the following manner: The railway or City may appoint one arbitrator, and immediately thereafter, in writing, notify the other party of said appointment, and, within ten days after receipt of said notice, the other party shall appoint one arbitrator, and in the event the said party so notified fails to appoint another arbitrator, or to give notice thereof as agreed in this paragraph, then, after the expiration of fifteen days after notice from the other party in writing to so appoint an arbitrator, the other party shall appoint the arbitrator in the other party's stead, and the arbitrators so appointed shall, after receiving notice in writing from the appointer or appointers, meet and select a third arbitrator within ten days after notice in writing of their appointment, provided, however, that if the two arbitrators chosen shall not agree upon a third arbitrator within the said ten days, then, upon the written application of either the City or the Company, addressed to any Judge of the United States District Court for the Northern District of Ohio, said Judge shall appoint such third arbitrator within ten days after receipt of said application, and the powers and duties of said third arbitrator shall be in all respects the same as hereinbefore provided, and the three arbitrators so appointed

shall decide any question submitted to them under the provisions of this ordinance.

SEC. 8. The Company shall at all times during the life of this grant, upon the direction of the City, and under such regulations as the City may provide, permit the use of its tracks by any and all companies owning and operating interurban electric railways, extending to and from the City of Toledo, upon such terms as shall be determined by the city in accordance with law and the general ordinances of the City of Toledo; but the use of the tracks of the Company by such interurban companies shall be confined to those tracks which the City shall designate, and which are reasonably necessary to provide for the interurban company the shortest and best route from the point where such interurban company desires to enter the City with its cars, to such point in the central portion of the City as is then, or may at any time be commonly used by the interurban companies as a suitable loop to enable said interurban cars to return over the tracks of the Company to said point where such interurban cars enter the City. Only such number of interurban cars shall be allowed to be operated over the tracks of the Company as are reasonably necessary and proper to accommodate the interurban traffic of such interurban company, and the City shall at all times, subject to the foregoing provisions, have the absolute control over the routing, admission, service and operation of the interurban companies and their cars so entering Toledo within the corporation limits, and using the streets thereof, and shall determine places for the receipt and discharge of passengers in the City. All interurban companies shall charge and collect a cash fare of five (5) cents per passenger for all passengers carried by it on said cars within the city limits. The City shall determine from time to time the price to be charged by the Company for the use of its tracks and power by the interurban companies desiring to use such tracks and power, which price, however, shall not be less than sixty (60) per cent of the fares aforesaid collected by such interurban companies for passengers carried within the City of Toledo, and at all times The Toledo, Ottawa Beach & Northern Railway Company and The Maumee Valley Railways & Light Company shall issue transfers, which transfers shall be accepted by the Company in the same manner as the transfers issued by the Company for the transfer of passengers upon its own lines, and the Company shall issue transfers which shall be honored on the cars of the Toledo, Ottawa Beach & Northern Railway Company and The Maumee Valley Railways & Light Company, when such transfers are tendered or accompanied with a cash fare or ticket to any interurban point on such line.

Provided, that before any such interurban company shall be permitted to operate its cars over the tracks of the Company, such interurban company shall furnish to the City and the Company a proper bond of indemnity in duplicate in the penal sum of not less than fifty thousand (\$50,000) dollars, with an approved surety company as surety, conditioned that such interurban company shall save the City and the Com-

pany, and each of them, harmless from any and all loss, cost, damage or expense, to which the City or the Company may be put by reason of the operation of the cars of such interurban company over the tracks of the Company, and such bond shall remain in force during the full period that such interurban company operates its cars over the tracks of the Company, or it may be renewed from time to time, but in no event shall the interurban company be permitted to operate its cars over the tracks of the Company, unless at such time such bond is in full force and effect.

SEC. 9. The City at all times reserves the right to make any and all regulations that may be necessary to secure the safety and convenience of the public and passengers in the equipment, construction and operation of the electric street railway system, including among other things, the number of cars, dimensions of cars, heating of cars and any equipment of cars, and to route and re-route the car lines and specify the number of tracks and the service to be given by the Company on the various lines. The Company shall be given notice of any and all such regulations, routing and re-routing, equipment and service, which may be adopted and approved by the Council and upon the failure of the Company to comply with any such notice within thirty(30) days after receiving the same, or within such time as the Council may in such case designate, (however, in no case to be less than thirty (30) days' time), this franchise and all rights hereunder shall, upon written notice to the Company by the City, be deemed to be forfeited at the option of the City, but upon the Company complying with any such notice before any such forfeiture shall have been finally declared by the City, then, and in every such case, upon the compliance by the Company with such notice, the right to the City to forfeit such franchise for or on account of said notice shall thereby terminate as to such particular notice.

The motive power for the operation of the Company's railway shall be electricity, or such other motive power as Council may approve, the construction and equipment first class, and to the satisfaction of the City.

SECTION 10. Whenever the City shall deem it proper to grade, regrade, pave or repave in any manner, repair or improve any street, avenue, public way, place, or part thereof, including also bridges and approaches thereto, across or in which the Company's tracks are laid, the Company shall grade or re-grade, pave or repave, or otherwise improve or repair to such depth of excavation or filling, and in such manner, at such times, and with such materials, and on such foundation, as the City shall direct, such part of such street, avenue, public way, place, or part thereof, as lie between the outer lines of strips twelve inches on the outside of the rails of the Company's track or tracks, including switches and turn-outs, and also all space which lies within the tracks and the double tracks and switches and turn-outs, or, at the option of the City, the Company shall pay the cost and expenses of the same to the City. If in any case the City shall determine that the Company shall pay the cost and expense of said work to the City, then it shall be necessary to

notify the Company of such determination, and the City may proceed to do such work, or to have the same done, and at all times make such improvements, in the same manner as it does its other similar work, and the Company shall at no time interfere with the said construction, or disturb the improvement after the same is made, without the consent of the Council of the City of Toledo.

Upon the failure of the Company so to do said work the City of Toledo may at any time enter upon such work, and in such case improve, repair or relay the rails of the Company, without the consent of the Company, and the expense shall be paid by the Company, upon presentation of bills by the City Auditor. Provided, however, the Company shall be entitled to the same time to make such payments as is given to the owners of abutting property assessed for any such improvement, and the amount due from the Company shall be assessed against the property of the Company, which assessments shall be collected in the same manner as assessments against the abutting property.

SECTION 11. The Company may transport along and upon its lines, in suitable cars, such materials, supplies, appliances and tools as it may need for the construction, maintenance and operation of its road and property. It may operate funeral cars, observation cars, express, mail service, and other special cars. The Company may operate suitable cars, which cars shall be to the satisfaction of the Council, for the transportation of freight between the hours of twelve (12) o'clock midnight and five (5) o'clock A. M. The routing, character and suitability of all such cars, and the character of the freight and manner of transporting the same, shall be subject at all times to the control, regulation and direction of the City. The transportation of materials, supplies, appliances, tools, mail and freight, and the operation of special cars, shall not be permitted to interfere with or delay the carriage of passengers, and shall at all times be subject to regulation by the Council.

SECTION 12. The Company shall not, during the term hereof, remove or replace its tracks across or on any bridge in the City of Toledo, without the express consent and authority of Council. When any new bridge or bridges are erected in place of the old ones, the Company shall at its own expense remove its tracks from the old bridge and place same upon the new bridge as soon as the same is ready to receive such tracks, if the City so directs, or the City shall have the option to construct and lay its own tracks across and upon said new bridge. Whenever the Company operates its cars upon bridges where the City owns its own street car tracks, the Company shall pay to the City, as rental for the use of such tracks, each year, fifteen (15) per cent of the cost of the labor and material used in constructing such tracks, as shown by the books of the City Auditor, and the City shall keep same in repair.

The Company shall not, without the express consent of the City, cease the operation of cars over any bridge as they may now or hereafter be operated, except for such time as shall be absolutely necessary to complete the restoration, reconstruction or repair thereof. In the

event the Company's tracks shall be damaged, destroyed or carried away with the bridge upon which they are laid, and whenever such reconstruction, restoration or repair makes essential the removal of the tracks temporarily from any bridge, within the City, the Company, upon such restoration, reconstruction or repair being effected, shall immediately relay its tracks and begin the operation of its cars thereover. The City shall in no event be liable in damages, for any loss to the Company by reason of any destruction, removal, repair, erection or re-erection of any such bridge.

SECTION 13. The Company shall at all times keep the portion of the streets, avenues, public ways, places, and parts thereof, as lie between the outer lines of strips twelve (12) inches on the outside of the rails of the Company's track or tracks, including switches and turn-outs, and also all space which lies between the double tracks and switches and turn-outs, and its tracks on all bridges and approaches, free from ice and snow, at its own expense, so that the cars may be continually in service.

SECTION 14. If the City shall deem it proper to sprinkle and clean, or both, any street, avenue, public way, place, or part thereof, along or in which the tracks of the Company are laid, the Company shall in such manner and at such times as directed by Council sprinkle or clean, or both, its tracks and space from which it is required to remove the ice and snow in the preceding section hereof.

SECTION 15. Said City of Toledo shall not be liable in any way to said Company for damage it may sustain from the breaking or overflow of water from any sewer or drain, or from the breaking of any water pipe or gas pipe, by reason of any change in the grade of any street, avenue, public way, place, or part thereof; and said Company shall so construct its tracks and equipment as to fully protect from damage thereby any and all sewers, water pipes and mains, conduits, wires and cables, gas or other pipes running beneath the surface of the streets.

SECTION 16. If at any time the Company shall fail to do or perform any work herein provided for, by it to be done or performed, with reference to the streets or public places of the City of Toledo, or with reference to its street railway system, within the time herein fixed for the same, or when no time is so fixed, then within such reasonable time, as shall be determined by Council, the City may do and perform such work at its own expense and collect the cost of same from the Company as any other valid debt may be collected, and all money so becoming due, or becoming due in any other way from the Company to the City, shall be a charge and lien upon the Company's property, both real and personal, which lien may be enforced, and which debt may be collected, in a court of competent jurisdiction in the manner that other liens may be enforced or debts collected, but no such action shall prejudice the right in the City to work a forfeiture hereunder.

SECTION 17. The Company, in consideration of the grant made to it by this ordinance, upon the terms and conditions herein expressed,

agrees to waive, surrender and release, and by the acceptance of this ordinance, does waive, surrender and release, and the City hereby repeals all and every the Company's rights and claims of every kind and nature in the streets of the City, under and by virtue of all the ordinances and parts of ordinances heretofore passed, granted to it, or to any other person, firm or corporation, of which the Company is the successor, the right to construct, maintain and operate a street railway in the City of Toledo, to the end that the grants made to the Company and the rights of said Company to be conferred upon it by this ordinance, shall be held by it in lieu of all the grants and rights, and claims of rights, which it has heretofore had or now claims to have to construct, maintain and operate a street railway or railways, in the streets of the City, from or through whatever source the same may have been derived or held, including all prior ordinances granting such street railway rights of every kind and character. Provided, that such waiver and surrender herein by the Company of its said rights and claims, is upon the express condition and agreement that this ordinance shall be and become valid and binding, and that it shall have and enjoy the rights conferred by this ordinance in the manner and upon the conditions herein set forth; but nothing herein contained shall be construed to, or shall release or discharge the Company from the payment of all or any part of any debt, or money, owing by the Company to the City, under and by virtue of any grants or ordinances whatsoever, except as hereinbefore provided. It is not intended hereby to repeal, annul or vacate any of the rights heretofore granted the Company or its predecessors in respect to the furnishing of heat, electricity or gas, in or to the City.

Section 18. The Company by the acceptance of this ordinance grants to the City, and the City hereby reserves to itself, and to any person, firm or corporation designated by it as a purchaser or lessee, as hereinafter provided, the right, at the expiration of the twenty-five (25) years' term of this ordinance, to be exercised within the time and the manner herein provided, to purchase or cause to be purchased of said Company, its successors or assigns, such property, real and personal, of said Company, as described in Section 7 hereof, except its power house or power house equipment, then in use in connection with said street railway system, and forming part thereof, as shall be determined, as hereinafter provided, to be reasonably required, fit and proper, for the continued operation of said property as a going street railway system, under the conditions then existing, at its then cash value, exclusive of any franchise or value arising out of any franchise or right to use the streets, as hereinafter provided.

Said option shall be exercised by the City, by resolution of the City Council, or such other board of officers then having the power now exercised by the City Council in that respect, or authorized thereto by existing law, at any time within the two (2) years next preceding the expiration of the term of the grant in this ordinance provided for. If

the City shall, by resolution, decide to purchase said property, or to require its licensee to purchase the same, or to affirmatively exercise the option hereby granted to it, notice thereof shall be given to said Company at least six (6) months before the expiration of twenty-five (25) years, the term of the grant herein made.

If the City and the said Company shall not have agreed upon the property to be taken or the value thereof, within thirty (30) days after the passage of such resolution, and the service of such notice, the same shall be determined as follows: The same shall be determined by arbitration as hereinbefore provided in Section 7 hereof. Said board shall ascertain, as provided in Section 7 hereof, what portion of the real and personal property, exclusive of the power house and power house equipment, connected with and a part of said railway system, is required, adapted to and fit for the continued operation of said system, under conditions and requirements then existing, and said property, real and personal, thus ascertained, shall be appraised at its then cash value as a going street railway property, but there shall not be included therein, nor in any estimate of value thereof, any sum or amount for franchise, or right to use the streets or any value arising, growing out of or connected with any such franchise or rights.

The City of Toledo, if it exercises the option herein granted, shall, before the expiration of the period of twenty-five (25) years aforesaid, make provision for the payment, and pay or cause to be paid the amount of the award of cash value if the property is taken; and any property, real or personal, not taken within the terms aforesaid, shall remain in the ownership and control of said Company.

Said City of Toledo shall have the right at any time within two (2) years before the expiration of the grant herein made, to invite bids for a franchise for street railway purposes upon such terms as it may deem best and to offer to the successful bidder for such franchise the street railway property of the Company herein described at such price as may be fixed by the arbitrators as provided herein, and the successful bidder for such franchise shall be required as a condition of its bid to purchase said street railway property at the appraised value thereof and to pay for the same in cash at the time the franchise is granted to it, and upon payment being made to the Company therefor as herein provided, it shall transfer and deliver to such successful bidder, said property free and clear of all liens or incumbrances.

Said Company, its successors or assigns, shall have the same rights to bid and compete for a franchise for the use thereof, as other bidders, but no greater right. All awards made by the arbitrators above named, shall be in writing, signed by a majority thereof, and delivered to the parties respectively, and the Company and the City shall each pay one-half of all the costs and expenses connected with said appraisement and award.

When the City has exercised its option herein granted, and said determination of the property to be taken, and the appraisement thereof has

been made, the said Company shall be obliged to convey, by good and sufficient instruments of writing, free of lien or incumbrance, all of the property embraced within the said purchase, upon receiving the amount of said award in cash or upon tender thereof on or before the expiration of this grant, and if there are any liens thereon, the same shall be released or protected as the case may be, out of the price to be paid therefor, and the payment of such price to the Company, or the deposit thereof in any responsible bank or trust company in the City of Toledo, to the credit of said Company, within the time above limited, shall entitle the City, or its grantee or lessee, to the immediate possession of all said property, all rights of the Company therein to thereupon be vested in said City, or its grantee or lessee. If any of the property, which shall be included in the purchase, shall be held by said Company by anything less than absolute ownership or title, the appraisers shall only value the interest of the Company in such property.

The City, realizing that the need of uninterrupted street railway service in the streets and parts of streets occupied by said Company, will continue after the termination of this grant, and that the street railway of said Company ought to be used to render such service, and that there should be no obstruction or blockade of the streets by attempting to remove said system, or substantial period of lack of street car service, from any cause, intends by this ordinance to create conditions which, at its expiration or determination, of the term of twenty-five (25) years, will secure to the City, in addition to its right to make to the Company, under the then existing law, another grant upon such terms as may be agreed upon by the parties, the right and opportunity;

(a) To purchase the street railway property, as above provided for, of the Company, or

(b) To cause the same to be purchased by its licensee or grantee, and to this end this section shall be fairly and liberally construed to meet that end and purpose, and if, for any want of legal authority in the City of purchase said property, or any part of it, the option hereby granted to it, to itself, to purchase the same should be unavailable, any right which it may have to vest in its grantee or licensee, that right shall not be deemed to be prejudiced thereby, but may be exercised so far as the same may be lawfully done, the consent of the said Company to the terms thereof being expressly granted hereby.

SECTION 19. The tracks and structures of the Company shall not be removed during the term hereof without the consent of the City first obtained, but in the event that the City, its lessees or assigns, at the expiration hereof, fails to exercise the rights and options contained in Section 18 of this ordinance, then the company may remove its tracks and structures, or any part thereof, at the expiration of the term hereof, but in the event it does so remove the same, the Company shall restore the streets, avenues, public ways, places or parts thereof, from which such removal is made, to a condition equally as good as before such removal was made.

SECTION 20. The Company shall indemnify and save harmless the City against any and all damages, judgments, decrees, cost and expenses, which the City may in any manner incur or suffer, or which may result from or be recoverable from, or obtain against the City for or by reason of the granting of the rights hereby conferred upon the Company or growing out of or resulting from the exercise and use by the Company of the rights hereby granted to it, and for any acts of neglect or omission of the Company, including the matters contained in Section 19 hereof.

Before this ordinance shall become effective, the Company shall furnish to the Council of the City its bond to the City, subject to the approval of the Council as to its sufficiency, and the City Solicitor as to form, in the sum of One Hundred Thousand (\$100,000.00) Dollars. Said bond shall remain in force for not less than one (1) year, and shall be renewed from time to time, but in no event shall the Company be permitted to operate its cars under and by virtue of the terms of this grant, unless at such time such bond in the penal sum of One Hundred Thousand Dollars is in full force and effect. Said bond shall be conditioned that the Company will forever indemnify and save harmless the City, as aforesaid, and that the City will perform all and singular the provisions, conditions and obligations by it to be performed and discharged under the provisions of this ordinance for the term of such bond. The council may at any time require further and additional security on any such bond, or require a new bond or bonds to be given with like conditions; provided, further, that the Company may, in lieu of such bond, at any time, deposit with the duly authorized officer of the City collateral or securities, approved by the council, in such amount as the council may require; and thereupon such collateral or securities may be held by the City as indemnity to the full extent, as above provided in said bond.

One (1) year prior to the expiration of said twenty-five (25) year period, if the City shall so elect, the Company shall furnish to the City a bond in the sum of One Hundred Thousand (\$100,000.00) Dollars, with sufficient security to the approval of council, or deposit collateral security in said amount, which is to be held by the City as security against any loss the City shall sustain by way of damages from the removal of tracks or the tearing up of pavement by the Company or City at the time of the expiration of the franchise, and the restoring of said streets and pavements, and the City shall hold said bond or collateral for one (1) year after the expiration of the franchise, and the bond so given or the collateral so deposited shall be for a period of two (2) years, with the express provision to so indemnify the City against any such loss.

Provided, however, that the giving of any bond, collateral or securities, or requiring of any additional securities or further bond, or the recovery of a judgment thereon by the City, shall not be construed as limiting or measuring the liability of the Company to the City under this ordinance. Neither shall the requirements herein, and the giving of such bond or collateral or securities, or further bond, nor any of the pro-

visions of this section be construed to in any wise prejudice the right of the City to work a forfeiture of the terms of this ordinance, but the right of forfeiture and all other rights in this ordinance set forth shall be in addition to and independent of the rights of the City under said bond or bonds, collateral or securities.

SECTION 21. In case of any failure of the Company to do and perform each and every one of the terms and conditions herein stipulated to be performed by it, and failure to comply with the general ordinances of the City of Toledo relating to street railroads, now or hereafter in force, and not inconsistent with the specific provisions of this ordinance, and such failure shall continue for six (6) months, except as provided in Section 9, after written notice to the Company from the City of its intention to execute a forfeiture by reason of such failure, the Company shall thereupon forfeit all and singular the rights and privileges herein granted, and thereafter all such rights and privileges shall cease.

SECTION 22. The salaries of persons employed by the Company and receiving compensation at the rate of \$1,500.00 per annum or more shall not be in excess of those paid for similar work by other similar properties of the same relative size; nor shall the wages of any other person employed by the Company, be less than the wages paid for similar work by other properties or street railway companies in cities of approximately the same size. Motormen and conductors shall for a period of five years after the acceptance of this ordinance receive not less than the following scale of wages:

Up to one year,	25 cents per hour.
Between one and two years,	27 cents per hour.
Between two and three years,	28 cents per hour.
After three years,	30 cents per hour.

SECTION 23. It is agreed that upon the annexation of territory to the City at any time, all tracks and railway property of the Company located within such annexed territory, upon the streets, alleys or public grounds thereof, shall thereafter be operated under and be subject to all the terms of this ordinance as though the same were an extension made hereunder, and it is further provided that if any action shall be instituted or prosecuted directly or indirectly by said Company to set aside or have declared void any of the terms of this ordinance the franchise rights and privileges herein created or granted may thereupon be terminated, annulled and forfeited, at the option of council, upon the adoption of an ordinance declaring same terminated, annulled and forfeited.

SECTION 24. This Ordinance shall be subject to the provisions contained in the Charter of the City of Toledo, adopted November 3rd, 1914, and all amendments thereto and changes that may be made from time to time relating to Street Railways not inconsistent with the terms and provisions hereof.

SECTION 25. Wherever the words "The Toledo Railways & Light Company," or "The Company," are used in this Ordinance, unless the intention clearly appears otherwise, they shall be taken to, and shall,

mean The Toledo Railways & Light Company, its successors and assigns. The Word "City," or "The City," shall be taken to, and shall, mean the City of Toledo. The words "Council" or "The Council" shall mean the Council of the City of Toledo or such other governing legislative body, or such board or officers then having the power now exercised by the City Council in that respect, or authorized thereto by existing law.

SECTION 26. Before this Ordinance shall become effective, the Company and the owners of not less than 90% in amount of the outstanding bonds of the Company shall file with the City their written consent to, and acceptance of, each and all of the terms, requirements, provisions and conditions hereof.

SECTION 27. This Ordinance is passed upon by this Council only as being approved for the purpose of submission to the people for approval or rejection and shall not be in force or effect until so passed upon and approved by a majority of the electors of Toledo that participate in such election and vote upon the subject of approval or rejection.

To say the majority should rule without qualifying is to say that we should have a government without a constitution.

—HENRY L. DOHERTY.

When this franchise which closely followed the 1914 franchise that caused so much criticism by the editors, was not reported, negotiations dragged on from year to year with no very tangible accomplishments until someone conceived the idea that it would be a good thing to exercise the right, which Judge Killits said was within the power of the City, of ordering the street railway company to get off the streets of Toledo. This was passed as an ordinance in 1919. Nobody can tell whether its originators seriously believed that the order would—or even could—be obeyed, but certainly the vast majority of the people took it merely as a strategic attempt on the part of the City to weaken the legal position of the Company and force it to accept such franchise terms as the politicians might dictate.

The ordinance was not permitted to go into effect without being submitted to a referendum, the circulating of referendum petitions having been inaugurated and carried through by a group of merchants and business men who did not want to take

chances on an interruption of street railway service. The vote on the question of ratifying or rejecting the ordinance was set for the regular election in November, 1919.

During the time the ouster ordinance was under discussion, Mr. Doherty was in Toledo from time to time and on one occasion he was asked to address the Junior Engineers of the Doherty Training School. The address was extemporaneous and no transcript was made, but "Sparks," the employes' magazine of the Toledo companies, reported the occasion as follows:



R. DOHERTY was introduced by Mr. Dicks as being the first instructor of the Doherty Training School. Mr. Doherty then came to the front and gave us a fatherly lecture, touching a great many subjects of vital interest. Naturally, being a gas engineer, he took up the subject Mr. Klees was discussing and dealt with it for a few moments. Among the things he said on gas furnaces, one that impressed us very much was the way he brought out the fact that an engineer must look at a problem in such a broad way. He said while he was in Washington, where he spent most of his time during the war in government service, he was impressed with the number of patents that came in dealing with how to take the clinkers out of gas furnaces. Thus after giving the subject much thought he has invented a furnace that does not have any clinkers at all, or if any, they are so small as to be neglected as far as results are concerned.

Mr. Doherty told us that he felt when he was taken away from a job as gang boss and given a higher position that he there and then lost the job he starred in, handling men. He said if he was working men he always liked to be with them, always ready to give a helping hand or help shove the wagon up the hill.

He also said to never be contented; so many men, when they get to a certain place, feel that they are there and rest, but he says with the vast opportunities that are dominant at the present one should never let grass grow under his feet.

As to education, Mr. Doherty told us to never stop educating ourselves. College is just a start as compared with what study and research we will have to do in order to reach a high plane in the business world. He went on and gave us the advantages

and disadvantages of college educations; he says the college man is rather inclined to settle down, feeling his study days are over, while the self-educated man is liable to become interested in some one subject and find himself somewhat narrow in that one line.

A determination to save, if carried to fruition, teaches a man how to spend intelligently and how to get the greatest value for what he must spend. Intelligent and discriminating buying would, to a great extent, make profiteering impossible.

—HENRY L. DOHERTY.

The Doherty interests took no part in the discussion of the ouster ordinance before the general election, taking the position that the people should be left free to make up their own minds as to whether they wanted the street railway company to continue giving service or not. The vote was very close, and the ouster ordinance was carried by a majority of less than 800 votes.

The official announcement of the result was not made until the following Saturday, November 10, 1919, whereupon the Company took the only course open to it and immediately began the removal of its cars from the city.

The regular service was maintained on all lines in order to avoid inconvenience to the usual large number of Saturday shoppers and recreation seekers, but all cars out of service were moved at once and plans perfected for the immediate removal of all other cars as rapidly as they had completed their daily schedules.

The cars not only had to be removed from Toledo but they also had, from the Company's point of view, to be removed from the State in order to forestall any possible court action which would prevent the Company from disposing of the cars in the then active market for equipment. At 2:30 Sunday morning, Frank R. Coates had every one of the 350 cars in Michigan. People all over the city woke early that Sabbath because their morning cat-naps were not lulled by the regular sound of the

passing trolleys. They missed something but did not know what it was until their morning papers told of the traction Hegira.

The cars were gone! The Company had literally interpreted the ouster and literally accepted it. The City was stunned. All day Sunday preparations were frantically under way to provide substitute transportation, at best woefully inadequate.

Mr. Doherty had stopped in Toledo on his way to Kansas City and left Saturday noon, after having approved Mr. Coates' plan for carrying out the ouster order. Upon his arrival in Kansas City, Mr. Doherty was asked by the Associated Press for an interview, which appeared in the Toledo "Times" and other papers. The "Times" said:



KANSAS CITY, November 10.—Henry L. Doherty gave out the following statement here to-night:

"Henry L. Doherty and Company bought the Toledo Company at a time just prior to the expiration of its franchise. The city and the old company had a running fight for many years and we inherited this fight.

"The street railway situation had been a political football for years. Since we have had the company we have endeavored to give service against the greatest odds and always have tried to maintain the operation of the cars.

"The city officials repeatedly have threatened us with expulsion from the streets.

"With the advent of the war we were compelled to raise fares on account of increased wages and increased operating costs.

"Our last raise in fares caused the city council to pass an ordinance ousting us from the streets of the city.

"This ordinance was held by a referendum petition and voted on in the election of November 4, and carried by a majority of about 800 votes.

"Our president, Mr. Coates, promised that we would not remove the cars until the official count had been made.

"This official count was made and recorded on Saturday and there then was nothing left for us to do but to obey the ordinance, which ordered us forthwith to cease operations.

"We now are being censured for doing exactly what we were ordered to do.

"It would have been impossible for us to continue to operate for many reasons too numerous to detail at this time, but which can be illustrated by the fact that in case of personal damage we would have had no defense whatever, as we would have been trespassers on the streets.

"The dilemma is a source of great humiliation and regret to me. My motto and the motto of our organization is 'pride of service.'

"After all my years of struggle to maintain the operation of these cars it is a great source of regret to me that their operation has been stopped.

"We have thousands of friends in the city of Toledo that we particularly wish to save from inconvenience. In fact, we wish to save all from inconvenience, because those who voted for the ouster ordinance were misled in the belief that if they would do so this would give the council a strangle hold on the street railway and enable council to have the fares placed at the same point they were prior to the war.

"I never have dealt with threats or bluffs in my public utility work and do not intend after thirty seven years of continuous work in this line to change my policy.

"If for no other reason the public welfare demands that public service corporations must have a living wage. The cow cannot be milked unless it is fed.

"Public utilities cannot pay double the price for coal, double the price for wages and double the price for everything else they buy and still continue to charge a pre-war price for service."

Frank R. Coates, president of the Rail-Light, last evening (November 10, 1919) received a telegram from Henry L. Doherty, which follows:

"The 'Kansas City Journal' publishes an alleged interview with me to the effect that I stated that the people will have to beg to get back cars. This interview is a gross misrepresentation and wholly incorrect. If this is published in Toledo, please deny it most emphatically.

"I have always struggled against great odds to keep the cars running while everybody else has tried to stop them and I never consented to stopping them until further operations became impossible.

"I deeply regret the inconvenience to the people of Toledo, but it is not because of my act but in spite of my efforts to the contrary.

"(Signed) HENRY L. DOHERTY."

Ambition if it succeeds must take the form of determination rather than merely a continuing wish.

—HENRY L. DOHERTY.

The Toledo "News Bee," considered by many as opposed to any settlement of the street railway problem, published the following article:



HOUGH Mr. Doherty was in Toledo less than a half-dozen hours he found time to wreck the city's transportation system completely and thoroughly.

"Yes, sir; I have taken my street cars away from Toledo," he laughed, "and I have taken 'em out of the state of Ohio. Toledo evidently didn't want my street cars so I took 'em all away.

CITY MUST BEHAVE

"Toledo can have its cars back any old time it wants 'em and promises to behave," Mr. Doherty said.

The executive head of the Rail-Light said that he had moved about 350 cars out of the city.

"They have been removed to the state of Michigan, entirely outside the municipality of Toledo, so that the city authorities of Toledo can have nothing to do with their disposal."

Doherty showed an indication of wanting to be coaxed when he said: "I'll take 'em back to Toledo only on invitation now."

"Did Toledo ask too much when it demanded 7 or 8 or 10-cent car rides for 5 cents?" he was asked.

MUST HAVE COST PLUS PLAN

"Well, I guess they wanted a pre-war fare for a service which now is greatly increased in cost," Doherty answered.

"We must have a cost-plus service figure for operation in Toledo," he said, "and before our cars will be returned to the streets of that city we must have a permanent settlement, or the assurance of one.

"But I have plenty of places where they can be used," he said, as he brightened from what appeared to be a moment's lethargy.

And then Mr. Doherty, who has had some experience with the courts over public utility matters; especially in Denver, gave the reporter a lesson in law observance as seen from the viewpoint of a public utility operator:

"I am a great believer in law and order, and when the city of Toledo ordered us to get out, why out we went," he said.

ELECTION NOT A SECRET

As to the criticism of the mayor of Toledo directed toward Mr. Doherty for withdrawing his cars without giving the city any notice, Mr. Doherty, lighting another cigarette, said:

"Talk about giving notice. The city council passed an ordinance ordering us to take our cars from the city forthwith, after we had increased the fare because our employes said they would have to have more money or strike. The ordinance later was submitted to the people at the general election on November 4. It read that we must remove our cars forthwith.

"We waited five days, until the official count of the election was completed, which was announced on Saturday morning. The people had voted to order us from the city by a majority of 900.

"We operated the cars all day Saturday and until 1 o'clock on Sunday morning, when we ordered all the cars from the state. Give notice indeed! I hadn't heard that the passage of the ordinance or election was a secret. We obeyed the people's will as soon as the official result of the election was made known.

"The reason we took the cars from the state was because we wanted to avoid any injunctions to prevent us from delivering the cars in case we sell them. If Toledo doesn't want us to operate the cars there, we want to sell them while the price is high. Some of the cars are in Michigan and others are in Indiana.

"We have only the kindest feeling for the people of Toledo. We will be glad to hear from them, if there is any proposition they have to make."

When we prate about the good old days, romance struts but reason shrivels.

—HENRY L. DOHERTY.

The cars were out twenty-seven days, and meanwhile agreement had been made for the preparation of another franchise involving the complete separation of the street railway from the other utilities controlled by the Doherty interests and permitting the City to acquire the property through the retirement of the bonds.

In the Toledo "Times" of November 30, 1919, while the cars were still in Michigan, the following article appeared:



HERE is no reason in the world why Toledo cannot have street car service at not more than a half cent more than Cleveland pays. If the city will co-operate with us, as Cleveland does, we can give service that will be satisfactory in every way. And Cleveland gets six tickets for a quarter within a few days."

This was the statement last night of Henry L. Doherty, owner of the Rail Light lines, in discussing the public meeting in Federal Court this afternoon at 1:30.

"Service has always been my hobby," he continued, "and I would like nothing more than the chance to put in an ideal street car system here. We can get good service for slightly more than Cleveland pays.

"If the people are willing to grant the company approximately one cent more than they pay for ordinary service, I will give them a car system in Toledo that will be the model of the United States.

"It is up to the voters, however, to say what they want.

"If they decide on the buses, we will continue to be good losers and will withdraw for good. If, on the other hand, they desire us back and will pay for the service, we will give it to them."

Mr. Doherty met with the members of the Toledo Transfer Bus Company yesterday afternoon and explained his reasons for requiring that bus competition be done away with before the cars can return.

"It is not a matter of the company's wishes," he said, "but for the public's good. With the buses and cars in operation, we will have a duplication in service that will force the people to pay more.

"We are not trying to force the buses out. If the people

prefer them, that is all right, with us. We cannot operate while you are running and you cannot make money while we are here. Only one of us can remain. I am willing for the public to decide that point."

Mr. Doherty was well received by the bus operators and a committee will be named to meet with him within a few days to decide on a future policy.

"I am not opposed to bus service in conjunction with the street cars," he told the men. "Cross-town lines are all right, but where they operate in competition to the cars there isn't room for us both, with a low rate of fare. With competition between them the people must pay with higher rates of fare."

An offer to appear before the mayors of the various cities invited by Mayor Couzens of Detroit to meet in Toledo to discuss the street car situation and explain the position of the traction companies was made by Mr. Doherty last night in a wire to the Detroit executive. The telegram follows:

Toledo, Ohio, November 30, 1919.

Mayor James B. Couzens, Detroit, Michigan.

I see by the newspapers that you have called a meeting here of the mayors of several other cities regarding the street railway situation.

There is nothing the matter with the street railway situation here except that for 20 years past it has been used as a football by the newspapers and politicians and the last time it was brought into play for political purposes the fact was entirely overlooked that it was also needed for transportation purposes and unfortunately the ball got kicked out of the lot.

The growth and welfare of both the city and the company have been greatly handicapped by the use of the railway primarily for political purposes even though it has not heretofore been required to supply anything more than the local demand. but I can't help but say *God help Toledo!* if its transportation system must now supply the political issues for ten other cities.

The traction situation throughout the entire country is in a precarious condition and chiefly because elsewhere as here it is being used by newspapers and politicians to serve their own ambitions to the great detriment of the public.

What the companies need is also what the public needs and the street railways of the country were never so badly needed by the public as now. To permit the largest of these systems

to be broken up into their original units, making the payment of an extra fare necessary where a transfer can now be used and to permit all of these systems, large and small, to fall into bankruptcy and later into physical decay, is an economic crime against the portion of the American public who are not so fortunate as to be able to ride in their own automobiles.

The rapid development of the automobile has produced a congestion of traffic that has already reached an alarming stage in many of our American cities. The street railways can solve the traffic problem if given the constructive cooperation of the newspapers and public officials instead of making out of the present crisis an issue by which the public mind can be misled, confused and inflamed and all for the purpose of serving the political ambitions of those who profit by public turmoil.

If you and your guests really want to know the facts of course you will have to invite a representative of our company to come before you. This is to say that I will be glad to serve as the representative of our company. I also hope that you and your associates will remain long enough to really learn the facts.

If you and your invited guests are anxious to solve the traction problem a meeting in this city at this time is sure to be helpful.

You will see the danger of inflaming the public mind against the traction company. While this excitement is intended merely to increase the circulation of newspapers and to build up out of nothing an imaginary dragon from which the people's gladiator can endeavor to extract fangs; it can lead to a situation where many of the voters are willing to crucify their own city and paralyze its industries and risk making every piece of real estate in the city a drug on the market at 50 per cent of its present value—all to punish imaginary wrongs created by fanciful minds for political purposes.

You will see here how difficult it is to depend upon motor cars as a substitute for a street railway system and how impossible it would be in a larger city. You will also see how such a system would preclude the growth of any city.

You will also see here a city with more natural advantages than any other city in this part of the country and such a wonderful railroad center as to be absolutely confusing to a resident of your city.

In fact you will see here a city which should have been the great big industrial city of this entire section of the country and certainly would have been if it had been as active and aggressive in attracting capital and industries as it has been active and aggressive in fighting some of them.

You will also see a city that is probably at the turning point of its career. Either it will go on record before the world as willing to go backwards if it cannot enforce service at less than cost or by a prompt display of wisdom and fairness show the world that capital is safe and will be fairly dealt with here and then go forward by leaps and bounds as natural advantages entitle it to.

HENRY L. DOHERTY.

Following the sending of the wire to Mayor Couzens, Mr. Doherty then sent a communication to Mayor Schreiber, telling him of his action and asking him to bring to the attention of the visiting mayors his views on service, as expressed to Schreiber in numerous interviews. The letter follows:
Hon. Cornell Schreiber, Mayor, Toledo, Ohio.

Dear Mr. Schreiber: I have just sent Mayor Couzens the following telegram.

I cannot be blamed if I fear that these men only wish to visit here so they can pick up a few fragments of fact or fancy to contribute to their own political plans.

Of course they cannot judge the matter unless they hear our side of the case. I will be glad to appear at the meeting as the representative of the Rail Light company.

If they are really seeing means of solving all of our traction problems, I will be glad to give them all the help I can.

You know many of my ideas, such as the metered system of riding, handling freight on the city lines and relieving congestion, and the recognition of the principle that a street railway company does something more than to simply transport passengers,—it also furnishes a service which the city must have and that to stand ready to furnish this service represents a cost which should not be borne entirely by the car riders.

Will you please bring this matter to the attention of your visitors?

Yours cordially,

HENRY L. DOHERTY.

"We will never be able to give service in Toledo as cheaply as they do in Cleveland, but we can come mighty near it," Mr. Doherty said, taking up the question of service again.

"Cleveland has some natural advantages that we cannot have here. They can run in trains there and the population is also centered along the street railway routes. In Toledo the population is strung out in so many cases that it is very difficult to give effective service. The scarcity of bridges over the river here also works a hardship on car service.

"I have drawn many charts and systems of what I consider an ideal system of railways. Because of the antagonism that exists nearly everywhere against the traction companies I have never been able to put them into being.

"It doesn't cost much more to give ideal service than it does to give ordinary service. With a cent or a fraction more over the ordinary fare I would be able to give a service to Toledo people that would be the talk and wonder of the entire world.

"We would give better cars, faster service and conditions so much better than the average that the people themselves would wonder. For instance, with that kind of service I would have a storage battery in each car that would insure better and stronger lights.

"In that way it would be easier to read in the cars at night. Then if for any reason the current should go off or be unsteady the passengers would not be forced to sit in the dark. Electricity isn't so expensive that we couldn't make that improvement for our passengers.

"I would like to do these things for Toledo. But it is up to the people. If they want us they will vote us the right to return on a plan that will make these things possible. If they don't want the cars back, all they have to do is to signify their wishes and we will continue to be good losers."

When a man asks his employer for shorter hours, let him ask himself what he would do with the extra time if he should get it.

—HENRY L. DOHERTY.

The vote of the people of Toledo barring the Toledo Railways and Light Company from operating because of its action in raising fares and the subsequent speedy obedience of the order by the company in removing all its rolling stock from the city caused considerable comment throughout the country. The people, in voicing their disfavor, evidently failed to appreciate the depth of the action and realized their mistake too late upon discovering, one morning, that the city was deprived of its main arteries of transportation.

Toledo was lucky that, during the twenty-seven days from November 8th to December 5th, 1919, in which period not a car of the Rail Light Company was operated, no cold snap came to cause suffering to the many thousands dependent upon an uncertain jitney service. This jitney service, however, was not of an acceptable form for it cost ten cents a ride with no transfer so that the workers who lived far from the stores and factories spent forty cents a day just to get to business and back, not to count extra trips downtown to movies, etc. The City Council, however, acting under the advice of Federal Judge Killits, finally amended the ouster ordinance so as not to make it effective until April, 1920.

The city professed great surprise that the company took its cars out of the city into Michigan under the ouster ordinance, which in the very first paragraph said that the cars must be removed forthwith. To have stayed on the city streets longer would have made the company violators of the law, trespassers and unable in any court of equity to defend any action, even one for personal injuries.

When the ouster ordinance was passed the Mayor and Council failed to provide for any other kind of service in case the company obeyed the law and removed its cars. When the cars were actually removed it was done only as a last resort for it came after the result of the referendum was known.

The result of the referendum was known Saturday noon. November 8th, but as President F. R. Coates did not wish to deprive the city of its necessary transportation facilities on such a busy day, service was continued throughout that day and evening.

As the cars completed their runs that evening they were met by inspectors who told the crews to report to certain places downtown where other inspectors met them and sent them either to West Toledo or to the Casino, and there they were told to proceed

with their cars either over the Toledo and Western tracks into Michigan or over the Toledo Beach Road tracks into Michigan, and then for the first time it was realized that the cars were being taken off. By two o'clock Sunday morning every car was in Michigan. This gave the stores and factories a day's notice on Sunday to prepare transportation for their workers on the following Monday.

The city criticized the company for doing the thing it had ordered it to do, namely, remove its cars, and the company was asked why it had not given notice to the effect that it intended to obey the law. The company was anxious to have no trouble; no violence nor mob law. Once before at one of the factories cars has been stoned and much damage done and had the company given notice that cars were to be removed radical ones in the community might have attempted the destruction of cars as was done in Muskegon, Michigan. Upon being asked why the company took the cars to Michigan, Mr. Doherty replied: "If you told us to take our cars off the streets, what difference did it make where we took them? We took them to Michigan so as to have them in a neutral state, for if we had to salvage our property we wanted it in a neutral state where we could deliver it to the purchasers without having to take it back to Toledo."

The city walked and rode in expensive and overcrowded jitneys, but a kindly Providence sent perfect weather so that there was an absence of suffering which, no doubt, would have resulted had the weather been inclement. Soon certain ones, who were the strongest for the ouster and who had taken it as a big joke, commenced to feel the ill effects of their action and as a result the matter was taken out of the Mayor's hands by a few of them who called a special meeting of the council and at the suggestion of Judge Killits—who was trying to secure car service for Toledo and yet hold secure the rights of both the city and the company—repealed the ouster ordinance.

Then the Mayor asked the Court to order back the cars which he and the Council had ordered off. Judge Killits appointed two commissions, one to work on a cost-of-service plan patterned under the so-called Tayler or Cleveland plan. These plans were submitted to the Council by January 15th and passed by that body in order that the people might vote on them at an election held February 17th.

With the appointment of these commissions the Court asked the company to return the cars, which it did gladly, and the commissions immediately set dilligently to work. The return of the cars was more smoothly executed and done with greater speed than their exit. The first car came into town Friday noon, December 5th. The Court had not put in its order until late the afternoon before. The cars had been lying idle for twenty-seven days exposed to the weather. Trolley poles had been taken off and stored. Many of the car crews had taken up other employment.

However, by Friday noon cars were back on the street and before the rush hour that evening normal service was being furnished on all lines.

Judge Killits acted as motorman on the first car, wearing a motorman's cap, and actually ran the car the entire five miles to the city and in the congested district, operating the car like a veteran. Women and children ran out of their homes as the cars passed waving a greeting, and when the cars reached the downtown district men came from the stores to yell their welcome. In fact, it was one of Toledo's happy days.

The result was that the street car question was settled for good. The company was in a better position in Toledo than ever before. Its action, though criticised at first, finally commanded the respect and admiration of the entire population.

Immediately negotiations were undertaken for the perfection of new franchise ordinances. There was, in spite of widespread dissatisfaction with exclusive jitney service while the cars were in Michigan, a good deal of feeling that jitneys should be permitted to run in competition with street cars. Mr. Doherty had already taken a decided stand on the jitney question at a conference with the members of the Transfer Bus Association, saying that there was room for only one transportation system on the streets of Toledo and that the city would have to make a choice between street cars and jitneys. After four weeks' trial of exclusive jitney service the temper of the people was clearly shown in their demand that the street cars be brought back to the city. An interview given out by Henry Ford in January, 1920, gave Mr. Doherty a splendid opportunity to dis-

cuss the relative efficiency of street cars and jitneys, which he did in the Toledo "News Bee" of January 24, 1920, as follows:



DOHERTY is restive under the common impression that he is a business man. He is, he says, primarily a builder, a constructor, and an engineer. His original training was as an electrical engineer. He is a member of very many of the engineering and scientific societies of this country; is a fellow of the American Institute of Electrical Engineering; member of the American Society of Mechanical Engineering; Vice-President of the American Petroleum Institute; Treasurer of the Inventors' Guild, and during the war was consulting engineer for the Federal Bureau of Mines.

This practical engineer has also millions invested in street car systems, gas, electric light, power and waterworks plants in some 200 cities, towns and villages in the United States and Canada. He has eight or nine street car systems, he could not remember the exact number on the spur of the moment. His principal interest, however, is, he says, in oil production. The Cities Service Co., of which he is the principal factor, has 50,000 acres of developed oil properties and a reserve of 4,000,000 acres selected as possible oil lands. Under war pressure his oil properties made a world's record of production, 18,000,000 barrels of crude oil in one year. The annual combined production of the Roumanian and Galician fields is estimated at 8,000,000.

MEANS MORE MONEY FOR HIM IF STREET CARS CHANGE TO GASOLINE FOR MOTIVE POWER

Doherty says that it would be very much more to his interest to sell oil products for gasoline motors for street car service, and that he could afford to throw away all his street car interests. He estimates that the increased demand for gasoline and kerosene would drive the former up to 60 cents a gallon and the latter to almost the same figure.

Mr. Doherty said, talking very earnestly, in his room at the Secor, "Probably most of the people in Toledo think of me only as a public utility operator, and as the street railway has been mostly in the limelight since I became associated with your public utilities, it is only natural that these people should think of me exclusively as a street railway man. The real truth of the matter is that our business from the standpoint of size and

importance, is that of producers, refiners and marketers of crude oil and its products.

"If a large portion of the street cars in the United States were to change over to the use of gasoline as a fuel for motive power instead of electricity, we would make far more out of our oil business than we would lose on our street railway business.

"However, I do not want to fool myself and I want to keep other people from fooling themselves as to what can be done along this line."

Referring to the Ford interview and the expressed views of local and other engineers that the gasoline motor vehicle will soon replace the electrically propelled street car, Doherty said:

"I wish that those rosy reports of the gasoline internal combustion engine for bus or street car purposes were true, but they are not. The shortage of oil products is one sufficient reason. George Otis Smith of the United States Geological Survey; Dr. Manning, Director of the Bureau of Mines, and other Federal experts were recently reported in the newspapers as saying there was not to exceed a 20-year supply of crude oil to be had.

"If the prediction that the mineral oil supply will be entirely exhausted in a quarter of a century is true, people who talk of street railway property becoming obsolete had better figure the effect of the exhaustion of oil on the gasoline car.

"However, I take no such pessimistic view and, as Chairman of the Motor Fuel Committee of the National Petroleum Institute I have been able honestly to tell the automobile interests that the exhaustion of our oil supplies is a long ways off. It may be that the price of gasoline will have to be excessive at times and I fear that we are entering into such a period now.

"The newer oil fields are below expectations and while production still is immense we have seen an advance in midcontinent crude oil of 75 cents in the last 60 days, and in my opinion the price will go up to \$3.50 a barrel.

"In the interests of conservation in years to come we should substitute, as far as possible, hydroelectric power for coal generated power. However, our coal supplies are practically inexhaustible. There cannot be much more increase in the price of coal. As the demand grows the areas of coal that seemed less available, the deep and shallow seams, will be worked. There are enormous deposits and the supply is almost immeasurable."

Doherty says that the transportation problem for cities can be successfully solved by the electric railroad, both as to service and fare. He named three important factors in the solution; lighter cars and, if the law will allow, one man cars; the distance or zone system of fares, and the handling of freight by the street car line.

SUGGESTED GAS CARS

"Street car men," Doherty said, "have realized for years the necessity for changes in the business and have been looking toward lighter cars and one man cars as means of more economical operation.

"Before the war we were looking to the auto people for lighter cars because much of their development had been along that line. I had taken it up with the Willys people and, of course, they at once suggested gasoline driven cars. But I said there was nothing doing along that line; that it was not a possibility. They were taking up the matter of lighter car construction when the war turned us all aside. But we are hoping much from the motor car people and if they do not solve it themselves we will take it up with them."

As to the zone system Doherty said it is the rational system, that it will be better for the company, although the aggregate of fares paid by the people will be less than under the universal price system. He says that it does not lead to congestion, but that workmen will be led to locate near their work and thereby different sections of the city will be built up.

Handling of freight by the street car system must come he insists, and argues that much of the congestion of New York streets could be removed if switching lines and the handling of freight were permitted. The right to handle freight, he says, would increase the earnings, decrease the fares and relieve street congestion.

"The track and the trolley," Doherty reiterated, "are absolute necessities. The motor bus will never give regular service. It will pursue the best routes at the peak hours and afterwards will be found in the garage. There is a proper use for the bus in the short hauls, but it will never substitute for the street car.

"Automobile men think of transportation only in terms of gasoline motors. I welcome them into the street car business. We all get into ruts, and street car men have not been immune.

It is quite possible that important changes may be suggested from outside. But I do not like to see them threshing over impossibilities, and that is what they are doing in planning the gasoline engine for street car service. That matter is perfectly hopeless, much as we would like to see gasoline substituted for electric power generated by steam.

"It is not possible to run on rubber tires as economically as on steel rails. The automobile men recognize this after years of time wasted on experimenting, and are back to steel wheels on steel tracks. But, of course, they all agree on individual gasoline motors. This is, if anything, more absurd than the abandonment of the tracks.

NOT MAKING PROGRESS

"Regardless of technical efficiencies, the cost of power is far less at this time with steam turbines than with internal combustion engines. The internal combustion engine, instead of making progress, is relatively going backward. It can secure its high efficiency only when operated to maximum load, and an engine on every car, which must have sufficient power for the heaviest pull under adverse grade and weather conditions, operates at a shockingly low efficiency when pulling a car on a level grade.

"Also the sum total of power required for all cars would prove to be eight or ten times as much as the aggregate power that would be installed at a central power plant because all cars do not require maximum power at the same time.

"It is rather amusing to me to see the rash predictions by some of the automobile engineers, while at the same time the financial men of the business are pretty anxiously inquiring of the petroleum men what the future holds as to supply and price of gasoline.

COST OF POWER

"The cost of power has proved less by use of coal and steam turbine in the large stationary plants as against internal combustion engines even with oil for fuel at 5 cents a gallon. A gallon of gasoline has the heating power of 10 pounds of coal. That is to say a ton costing less than \$5 equals 200 gallons of gasoline costing \$40."

Concluding the interview Mr. Doherty said: "In spite of the crisis which now confronts the street railway business, I am extremely optimistic of what the future holds for it. No matter

how the price of coal, labor and material may advance, the street car is bound to continue to be the cheapest means of city transportation. As our cities grow and the streets become more congested, the automobile will become less and less attractive.

LOW AND HIGH FARES

"The whole difficulty with the street railway problem at the present time is one of fixed fares, fixed by law, franchise or public opinion. This could be straightened out if the public could be made to see the fairness of increasing fares. Prices of almost everything have doubled. The street railways have had to increase their expenses enormously without a corresponding increase in fares.

"People think only in terms of coins. I have often felt that a 10 cent fare would have proven less objectionable than a 6, 7 and 8 cent fare simply because it represents even money."

"We have gone through a period when we have heard nothing but low fares, and yet what the public will demand sooner or later is, primarily, good and more frequent service. Only a slight addition in the fare is necessary from minimum service to a much more liberal and much better service."

"The working man insists that his time is worth 50 cents an hour and yet he will insist on such a low street railway fare that he usually loses 3 to 5 cents' worth of his time by saving something less than a penny in car fare."

The public will "eat up" pages of corporation abuse because it is served up in a spicy, interesting way, unhampered by the facts in the case. The story of the corporation man must tell the truth, if it is to win and retain the confidence of the public.

--HENRY L. DOHERTY.

During the early part of 1920, while negotiations were under way on the new franchise, the City and Company each had made valuations of the street railway property. The City's valuation was approximately \$7,000,000, the Company's approximately \$9,000,000, and upon the submission of these valuations to Judge

Killits for correlation he determined on a valuation of \$8,000,000 as the basis on which new financing should be undertaken.

An ordinance was finally prepared by W. L. Milner, a prominent merchant and member of the commission appointed by Judge Killits, providing for the separation of the street railway from the other public utilities, its sale to a new corporation to be known as the Community Traction Company, and the ultimate purchase or lease of the property by the city. The "Milner Ordinance" follows:

AN ORDINANCE No. 1927



RANTING and renewing to the Community Traction Company for a period of twenty-five (25) years the grants, rights, privileges and franchises heretofore held and owned by the Toledo Railways and Light Company to construct, reconstruct, maintain, use and operate the street railway system and lines of street railway owned and operated by the Toledo Railways and Light Company in the streets, avenues, public ways, places and parts thereof hereinafter mentioned within the city of Toledo and prescribing the terms and limitations thereof, and providing for the rearrangement of the street railway system and the construction, maintenance and operation of additional lines and extensions to existing lines, and authorizing changes in motive power and means of transportation, and providing for the purchase and lease thereof by the City of Toledo, and prescribing the terms, limitations and conditions thereof, and repealing any and all ordinances and resolutions and parts of ordinances and resolutions inconsistent with the terms of this ordinance.

WHEREAS, The Toledo Railways and Light Company has heretofore owned and operated certain lines of street railway within and without the City of Toledo, under the authority of sundry franchises granted at various times and for various periods, all of which franchises within the City have expired; and

WHEREAS, For several years past said Company and the City of Toledo have negotiated for a franchise settlement; and

WHEREAS, It is now the desire of said Company and of said City that the street railway property of said Company with the exception of its power houses and other property hereinafter mentioned, be separated from the other property of said Company, and transferred to The Community Traction Company, its successors and assigns, free and clear of all liens and encumbrances except as hereinafter provided, and that the right

to construct, maintain, use and operate said street railway property so separated, be granted and renewed to The Community Traction Company; and

WHEREAS The Toledo Railways and Light Company has duly assigned to said The Community Traction Company, all rights of The Toledo Railways and Light Company to receive a renewal of the previous franchises of The Toledo Railways and Light Company to construct, maintain, use and operate its several lines of street railway, which are now being and which have been, during the period of one year next prior to the date of the adoption of this ordinance, operated within the City of Toledo upon streets and parts thereof which will be occupied hereunder, and which are hereinafter described, and said The Toledo Railways and Light Company has, in accordance with Section 216 of the Charter of the City of Toledo, as amended August 25, 1919, duly designated in writing to Mayor of the City of Toledo, The Community Traction Company to receive such renewal of said franchises, and has agreed to surrender to the said The Community Traction Company, all rights and franchises of said The Toledo Railways and Light Company for the operation of street railways within and without said City;

NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TOLEDO; that

SECTION 1. Whenever in the following ordinance the words, "the City" or "said City" are used, they shall be held to mean and include the City of Toledo, Ohio, and whenever the words "The Community Traction Company," "the Company," or "said Company" are used, they shall be held to mean and include The Community Traction Company, a corporation under the laws of Ohio, located at Toledo, Ohio, or its successors, in accordance with this ordinance, unless it is clear that said words are used in a different sense; whenever the words "The Board" or "The Board of Control" are used, they shall be held to mean and include The Board of Control as provided in Section 8 hereof; wherever herein "The Board of Arbitration" is referred to it shall be taken to mean and include any board of arbitration constituted as herein provided; and wherever "the Street Railway Commissioner" or "the Commissioner" is referred to it shall be taken to mean and include the Street Railway Commissioner, as provided in Section 9 hereof; whenever the words "the Council" are used, they shall be held to mean and include the Council of the City of Toledo, and if at any time any of the powers of the Council to be exercised under this ordinance shall be transferred by law to any other body, board, officer or officers, then in such case such other body, board, officer or officers shall have and may exercise such powers; and whenever any officers of the City of Toledo are mentioned by the name of their office or by descriptive designation, if any of the powers of such officers, to be exercised under this ordinance, shall be transferred by law to any other officers, board or authority, such officers, board or authority shall have and may exercise such powers.

SEC. 2. The Community Traction Company, its successors and assigns, is hereby given and granted, upon the terms and conditions hereinafter set forth, as a renewal and extension of the previous franchises of The Toledo Railways and Light Company a franchise and right for a period of twenty-five years from the date of the taking effect of this ordinance, to construct, reconstruct, maintain, use and operate, for passenger cars only, except as specifically provided herein, the lines of street railway now being operated within the City of Toledo, heretofore owned and operated by The Toledo Railways and Light Company as the same now exist or may hereafter exist, with single, double, or more tracks, with all necessary curves, street crossings, connections, turn-outs, cross-overs, Ys, loops, trolley wires, feed wires, guy-wires, span wires, poles, structures, equipment and appliances in, on and along said streets, avenues, public ways, places and parts thereof within the City of Toledo as follows:

SUMMIT AND BROADWAY.

Commencing at the intersection of Glendale Avenue and Broadway; thence along Broadway over and across the Broadway Bridge over the N. Y. C. R. R. Co. tracks, thence continuing along Broadway to Knapp Street; also commencing at the intersection of Perry Street and Summit Street along Summit Street to Galena Street; thence along Galena Street to Summit Avenue; thence along Summit Avenue to Point Place Road; thence along Point Place Road to the northerly corporation line of 1892.

SOUTH STREET.

Commencing at a point about 2,000 feet south on Detroit Avenue, from Arlington Avenue; thence along Detroit Avenue to Arlington Avenue; thence along Arlington Avenue to Spencer Street; thence along Spencer Street to South Avenue; thence along South Avenue to Sumner Street Bridge over the N. Y. C. R. R. Co. tracks; thence along Emerald Avenue to the N. Y. C. R. R. Co. Grounds.

LONG BELT.

Commencing at the intersection of Summit and Adams Streets; thence along Adams Street to Ashland Avenue; thence along Ashland Avenue to Collingwood Avenue; thence along Collingwood Avenue to Central Avenue; thence along Central Avenue to Auburn Avenue; thence along Auburn Avenue to Monroe Street; thence along Monroe Street to Summit Street.

SHORT BELT.

Commencing at the intersection of Collingwood and Delaware Avenues; thence along Delaware Avenue to Detroit Avenue; thence along Detroit Avenue to Monroe Street.

CHERRY STREET.

Commencing with the loop on the N. Y. C. R. R. Co. grounds; thence along Knapp Street to St. Clair Street; thence along St. Clair Street over and across the St. Clair Street Bridge over Swan Creek; thence continuing along St. Clair Street to Summit Street; thence from the intersection of Summit and Cherry Streets, along Cherry Street to Collingwood Avenue;

thence along Collingwood Avenue to Detroit Avenue; thence along Detroit Avenue continuing over the Detroit Avenue Bridge over Ten Mile Creek to Phillips Avenue; thence along Phillips Avenue to Sylvania Avenue and "Y." Also commencing at the intersection of Cherry and Central Avenue, thence along Central Avenue to Collingwood Avenue.

BANCROFT STREET.

Commencing at the intersection of Adams and Michigan Streets; thence along Michigan Street to Canton Street; thence along Canton Street to Woodruff Avenue; thence along Woodruff Avenue to Vermont Avenue; thence along Vermont Avenue to East Bancroft Street; thence along East Bancroft Street to Franklin Avenue; thence along West Bancroft Street to Lawrence Avenue; thence along Lawrence Avenue to Norwood Avenue; thence along Norwood Avenue to 22nd Street; thence along 22nd Street to Washington Street; thence along Washington Street to Ontario Street; thence along Ontario Street to Jefferson Avenue; thence along Jefferson Avenue to Summit Street.

DORR STREET.

Commencing at the intersection of Monroe and 11th Streets; thence along 11th Street to Washington Street; also commencing at the intersection of Washington and Dorr Streets; thence along Dorr Street to the city line at Shirley Avenue.

INDIANA AVENUE.

Commencing at the intersection of Washington Street and Indiana Avenue; thence along Indiana Avenue to the loop located in lots 296 to 300, inc., in T. P. Brown's addition.

STICKNEY AVENUE.

Commencing at the intersection of Woodruff and Canton Streets; thence along Canton Street to Cherry Street; also commencing at the intersection of Cherry and Sherman Streets; thence along Sherman Street to Stickney Avenue; thence along Stickney Avenue to the northerly City Boundary Line.

MICHIGAN STREET.

Commencing at the intersection of Orange and Summit Streets; thence along Orange Street to Michigan Street; thence along Michigan Street to Buckeye Street; thence along Buckeye Street to the intersection of Ketcham Avenue and Buckeye Street.

LAGRANGE STREET.

Commencing at the intersection of Cherry and East Bancroft Streets; thence along East Bancroft to Lagrange Street; thence along Lagrange Street to the loop located in a parcel 120 feet square, 132 feet southerly from the southerly line of Manhattan Road so-called. Also commencing at the intersection of Ontario and Washington Streets; thence along Ontario Street to Lafayette Street; thence along Lafayette Street to Avondale Avenue; thence along Avondale Avenue to Division Street; thence along Division Street to Nebraska Avenue; thence along Nebraska Avenue to the City Limits.

ERIE AND WESTERN.

Commencing at the intersection of Cherry and North Erie Streets; thence along North Erie Street to Galena Street; thence along Galena Street to the "Y," located at the intersection of Summit Avenue and Galena Street. Also commencing at the intersection of Monroe and Erie Streets; thence along South Erie Street, over and across the bridges over Swan Creek and the Miami and Erie Canal; thence continuing along South Erie Street to Emerald Avenue; thence along Emerald Avenue to Field Avenue; thence along Field Avenue, over and across the bridge over the N. Y. C. R. R. Tracks to Western Avenue; thence along Western Avenue over and across the Miami and Erie Canal Bridge and across Swan Creek Bridge to Wayne Street; thence along Wayne Street to the "Y" located at the intersection of Wayne and Hanover Streets. Also commencing at the intersection of Monroe Street and Superior Street; thence along Superior Street to Jefferson Avenue.

LAGRANGE SHORT LINE.

Commencing at the intersection of Summit and Lagrange Streets; thence along Lagrange Street to the intersection of East Bancroft and Lagrange Streets.

HURON STREET.

Commencing at the intersection of Adams and Huron Streets; thence along Huron Street to Stickney Avenue; thence along Stickney Avenue to Ontario Street; thence along Ontario Street to Galena Street; thence along Galena Street to North Erie Street. Also commencing at the intersection of Galena and Chase Streets; thence along Chase Street to Troy Street; thence along Troy Street to North Erie Street; thence along North Erie to Pontiac Street; thence along Pontiac to North Erie Street; thence along North Erie Street to the "Y" located at the intersection of Summit Avenue, North Erie and Lasalle Streets.

IRONVILLE.

Commencing at the "Y" at the intersection of Millard Avenue and Front Street; thence along Front Street over and across Hocking Valley R. R. Bridge so-called; thence continuing along Front Street to Main Street; thence along Main Street to the easterly end of the Cherry Street Bridge; thence from the westerly end of the Cherry Street Bridge, continuing along Cherry Street to Summit Street. Also commencing at the intersection of Cherry and Superior Streets; thence along Superior Street to Jefferson Avenue.

EAST BROADWAY.

Commencing at the intersection of Front and Main Streets; thence along Main Street to Starr Avenue; thence along Starr Avenue to East Broadway; thence along East Broadway to the "Y" located at the intersection of Vinal Street and East Broadway. Also commencing at the intersection of East Broadway and Woodville Street; thence along Woodville Street to the easterly City Boundary Line.

STARR AND MAUMEE.

Commencing at the intersection of East Broadway and Starr Avenue;

thence along Starr Avenue to the easterly City Boundary Line. Also commencing at the intersection of Starr Avenue and Dearborn Street; thence along Dearborn Street to the easterly City Boundary Line. Also commencing at the intersection of South St. Clair Street and Knapp Street; thence along South St. Clair Street to Maumee Avenue; thence along Maumee Avenue over and across the Maumee Avenue Bridge over the N. Y. C. R. R. tracks; thence continuing along Maumee Avenue to Colburn Street.

OAK STREET.

Commencing at the intersection of Main and Front Streets; thence along Front Street to Oak Street; thence along Oak Street over and across the Oak Street Bridge over the N. Y. C. R. R. tracks to Fassett Street; thence along Fassett Street to Miami Street; thence following irregular street line of Miami Street over and across Miami Street Bridge over the C. H. & D. R. R. tracks; thence continuing along Miami Street to the southerly City Line.

If in the above enumeration any streets, avenues, public ways, places or parts thereof now occupied by any part of said lines of street railway have not been described, it is nevertheless the intention hereof that the same shall be and they are included in the terms of this ordinance.

Provided, however, that the foregoing shall be subject to any and all changes, eliminations and extensions hereafter made in accordance with this ordinance, and the right to construct, reconstruct, maintain and operate herein granted, shall be held to include the right to construct, reconstruct, maintain and operate any extensions of existing lines, or any new lines, which may be constructed in accordance with the terms of this ordinance, and in addition shall be held to include changes in motive power and means of transportation, whether by rails or tracks, or otherwise; and, provided further that upon the annexation of territory to the city the portion of any such street railway properties that may be located within such annexed territory, and upon the streets, alleys, or public grounds thereof, shall thereafter be subject to all the terms of this grant as though it were an extension made thereunder, and in all respects the terms of this ordinance shall apply to any territory hereafter annexed to the City of Toledo.

SEC. 3. The Company may transport along and upon its lines, in suitable cars, such materials, supplies, appliances and tools as it may need for the construction, maintenance and operation of its road. It may carry upon its passenger cars, or upon other cars, mail for the government of the United States. It may operate funeral cars, observation cars, express-passenger service, and other special cars at rates to be fixed from time to time by the council of the City of Toledo, but not except with the consent of the company, lower than the rate in force for the carriage of passengers from time to time, as provided by the terms of this ordinance. The transportation of materials, supplies, appliances, tools and mail, and the operation of special cars shall not be permitted to interfere with or delay the carriage of passengers, and shall at all times be subject to regulation by the Council.

SEC. 4. The motive power for the operation of the Company's railway or transportation system shall be electricity, or such other motive power or means of transportation, whether by rails and tracks or otherwise, as the Company and Council shall agree upon, except steam locomotives in common use on steam railroads. The construction and equipment shall be first class and to the reasonable satisfaction of the Council. The tracks hereafter laid in paved streets, and all wires, poles, or other means of conveying power, either as new construction or as renewal of existing construction, shall, with respect to their style and construction, conform to the general ordinances of the City, as the same now are, or as they may be hereafter.

SEC. 5. This ordinance shall not take effect until:

(a) The same shall be accepted in writing by said The Community Traction Company and said The Toledo Railways and Light Company as and in the manner hereinafter provided.

(b) The Toledo Railways and Light Company shall have sold, assigned, transferred and conveyed unto The Community Traction Company all of the property of The Toledo Railways and Light Company, which is a part of its street railway system and lines of street railway, whether within or without the city of Toledo, excepting its power houses, and power house equipment, and the property specifically excluded from the inventory filed with the Clerk under the provision of this Section.

All of such property so to be transferred to be free and clear of all mortgage encumbrances, and subject to taxes and assessments due and payable in December, 1920, and thereafter.

(c) The Toledo Railways and Light Company shall have filed with the city and with The Community Traction Company its agreement, in duplicate, to discharge and have released of record any and all liens and encumbrances other than those mentioned in paragraph (b) hereof, within one year from the date this ordinance shall become effective, or, within said time, shall have furnished said The Community Traction Company with a full and adequate indemnity, by bond of some responsible surety company, or by deposit of acceptable collateral, if requested by the legal counsel of the City of Toledo against liability by reason of any such liens and encumbrances.

If liens and encumbrances, not including those assumed by the Company remaining undischarged at the time of such transfer, are such that the company is thereby deprived of the use of any portion of the property, neither stocks nor bonds of the Company shall be issued for such portion of the property until such time as the Company shall have the full use thereof.

The title to such property so conveyed shall be vested in said The Community Traction Company, and The Toledo Railways and Light Company and shall also execute and deliver forthwith all such deeds, conveyances, instruments and evidences of title as The Community

Traction Company and the City of Toledo, or their legal counsel, shall reasonably deem necessary, in accordance with the terms of this section, to vest in The Community Traction Company full legal title thereto, and containing all such reasonable covenants, warranties and assurances as The Community Traction Company, or the legal counsel of the City of Toledo, may deem necessary and proper for the protection of said Company or of said City.

The acceptance of this ordinance, required to be filed by paragraph (a) hereof, and the agreement of The Toledo Railways and Light Company, required to be filed by paragraph (c) hereof, and the transfer of property, required by paragraph (b) hereof, shall all be given and made within ninety days from the approval of this ordinance by the electors of the City of Toledo.

The Community Traction Company, by its acceptance of this ordinance, assumes and agrees to pay certain paving obligations, together with all interest thereon, whether or not heretofore levied upon the property of The Toledo Railways and Light Company, said paving obligations being those itemized in the inventory of property and obligations in this section above referred to, and amounting in the aggregate to \$185,241.00, plus interest thereon, and the City of Toledo, upon such acceptance, releases and discharges The Toledo Railways and Light Company from any and all liability by reason of said paving obligations, together with all interest thereon. Upon the taking effect of this ordinance The Toledo Railways and Light Company shall execute and deliver to the City of Toledo a release and discharge of any and all claims or demands which it may have against the City of Toledo for damages by reason of the passage and enforcement of any ordinance of the City of Toledo relating to the operation of the street railway system of The Toledo Railways and Light Company; and the City of Toledo shall, upon the taking effect of this ordinance, execute and deliver to The Toledo Railways and Light Company a release and discharge of any and all claims or demands which it may have against The Toledo Railways and Light Company, by reason of the ownership of said street railway property, for any and all paving assessments or charges, together with all interest thereon, or claims or demands for rental under any ordinance of the City of Toledo, or otherwise, against The Toledo Railways and Light Company by reason of the operation of its street railway system.

The property to be sold, transferred and conveyed by The Toledo Railways and Light Company to the Company, as aforesaid, is shown by an inventory thereof, so designated, filed, in duplicate, with the Clerk of the Council of the City of Toledo, on the ninth day of July, 1920.

The rights herein granted are also upon the condition that The Toledo Railways and Light Company shall at the same time execute and deliver to The Community Traction Company a written instrument, surrendering and assigning and transferring to The Community Traction Company each and every right, franchise and claim of every kind and nature in favor of The Toledo Railways and Light Company or any per-

son or corporation of which it is the successor or assignee from the City of Toledo, or any other Municipal, County or Township authority, to construct, extend, maintain or operate a street railway or any part thereof in the City of Toledo. And such surrender, assignment and transfer shall thereby operate to deprive The Toledo Railways and Light Company of the right to thereafter exercise any and all said rights, franchises and privileges in the matter of the construction, extension, maintenance or operation of a street railway or any part thereof, in the City of Toledo and The Community Traction Company, by virtue of such surrender, assignment and transfer, and by virtue of the terms of this ordinance, shall only be entitled to exercise such rights, privileges and franchises as are expressly granted and renewed by the terms of this ordinance, and only upon the terms and conditions herein set forth.

But it is not intended to repeal, assign, surrender or transfer any franchise or right or claim held by The Toledo Railways and Light Company, for other than street railway purposes.

In consideration of the conveyance of the street railway properties of The Toledo Railways and Light Company to the Community Traction Company and of the surrender and transfer to said company of all rights, privileges and franchises of The Toledo Railways and Light Company to construct, extend or operate a street railway or any part thereof in the City of Toledo, The Community Traction Company agrees to issue and deliver to The Toledo Railways and Light Company its first mortgage bonds in the amount of \$8,000,000, and to issue and deliver to the Commissioners of the Sinking Fund of the City of Toledo its common stock in the amount of ten million dollars, being all of the common stock of the company to be then authorized to be issued, the said The Toledo Railways and Light Company hereby assigning to said Commissioners of the Sinking Fund its right to receive said common stock, and thereafter no common stock shall be issued by the Company without the consent of the city.

SEC. 6. The said ten million dollars common stock of the company issued and delivered to the Commissioners of the Sinking Fund of the City of Toledo, as provided in Section 5 hereof, shall be held by such Commissioners of the Sinking Fund in trust for the following purposes and under the following conditions:

Said common stock, until withdrawn from the trust in the manner herein provided, shall not be entitled to dividends, and shall not be entitled to share in the assets of the company upon any sale or liquidation of the property of the company. The equity in the property of the company shall at all times be in the common stock so withdrawn from the trust in the manner herein provided, and in the event there shall be, at any time, a final judicial determination binding upon the city that said common stock so trusteeed or withdrawn from the trust, as herein provided, is invalid, or that the city may not legally acquire or own such stock or, if for any reason such stock is not validly transferred to and then owned by the City as in this ordinance provided, then and in that

event the equity in the property shall thereupon belong to the City of Toledo, subject only to the payment of the bonds and preferred stock outstanding from time to time, together with all interest, premiums and dividends thereon, and all obligations, indebtedness and liabilities of the company contracted or incurred in good faith in the progress or development of its business.

Upon the redemption of any bond or bonds, by the trustee, as provided in Sections 23 and 36 hereof, the same shall be cancelled and surrendered to the Company and said trustee, under said mortgage shall thereupon execute and deliver to said Commissioners and to the Company from time to time, a certificate stating the aggregate principal amount of bonds so redeemed, and upon receipt of such certificate, said Commissioners of the Sinking Fund shall be, and they are hereby authorized to take from said common stock so held in trust a par amount thereof equal to the principal amount of such bonds so redeemed, and said common stock so taken from said trust shall thereupon, upon presentation of any of the certificates representing such stock and upon request of said Commissioners of the Sinking Fund, be transferred on the books of the Company to the City of Toledo; and such stock so taken from said trust shall, thereupon, be and become the property of the City of Toledo freed from all provisions of said trust. After all the bonds of the Company shall have been redeemed, upon the purchase or redemption of preferred stock by the Company as provided in Section 36 hereof, the Company shall, from time to time, issue certificates to the Commissioners of the Sinking Fund, stating the amount of such preferred stock so from time to time purchased or redeemed, and thereupon such Commissioners of the Sinking Fund shall, from time to time, take from said common stock so held by them in trust, as hereinbefore provided, an amount equal to the par amount of preferred stock so purchased or redeemed by the Company, and said stock, so taken from said trust stock, shall be delivered to the said Sinking Fund Trustees, freed from said trust, in like manner as hereinbefore provided with reference to stock to be taken from said trust stock upon redemption of bonds.

The City of Toledo shall have the right to vote all of the said common stock so delivered to it from said trust, at all meetings of stockholders, provided, however, that in the event there shall be any default upon the part of the company in regard to its bonds or in the event that the company shall be in arrears in the payment of the dividends upon the preferred stock, or in default of any of the provisions of the preferred stock, then and thereupon all voting rights of the said common stock shall thereupon cease and determine, and the voting rights shall thereafter be exclusively in the preferred stock until such time as the default has been cured and dividends in arrears are paid, and at which time the common stock shall thereupon be reinvested with voting powers in like manner as prior to such default.

The city hereby covenants that it will not exercise its right to vote the common stock acquired by it or its nominee for any purpose contrary

to the provisions of this ordinance, or in any manner which may result in the impairment of the lien of the mortgage securing said bonds or the substantial security of the bonds issued under said mortgage or of the rights and security of the preferred stock or the holders thereof, nor shall it vote said stock in favor of the amendment of this ordinance without the consent of the holders of seventy-five per cent. in amount of the preferred stock then outstanding, nor will it vote said stock in any manner inconsistent with the provisions of this ordinance.

The Toledo Railways and Light Company shall have the right to exercise all voting powers of said common stock while the said stock is still held in trust. In voting said common stock for directors of The Community Traction Company, The Toledo Railways and Light Company agrees that one of the directors for whom it votes the said stock shall be such person as may be designated in writing by the Commissioners of the Sinking Fund as one of the directors of the said The Community Traction Company. The Toledo Railways and Light Company will also vote the common stock so held in trust, at all elections of directors, for the election, in addition to the one director so designated as aforesaid, of other directors (to be designated in writing by the said Commissioners or by the city) whose number, including the director initially designated by the Commissioners of the Sinking Fund shall constitute a proportion of the board equal to the ratio between the amount of common stock of the company then owned by the city and the capital value of the company at the time of said election of directors.

In the event that the ratio cannot be exactly maintained in the election of the city's representatives, then the number to be designated by the Commissioners of the Sinking Fund shall be the nearest integral below the exact proportion, provided, however, that at no time under this provision shall the said Commissioners or the city be entitled to designate a majority of the Board of Directors of the company, until such time as the common stock withdrawn from said trust and transferred as hereinbefore provided, exceeds fifty per cent of the then total capital value of the company.

The Community Traction Company and The Toledo Railways and Light Company each for itself and its successors and assigns hereby waive all right to at any time receive any dividends upon the common stock of the company in the hands of the Commissioners of the Sinking Fund, and the City, for itself, its successors and assigns, hereby waives all right to receive any dividends upon the common stock so held in trust by the Commissioners of the Sinking Fund or withdrawn therefrom, so long as bonds and preferred stock of the Company are outstanding, uncalled and unredeemed.

The capital value of the Company and the rate of return to be paid to the Company shall not be reduced by the purchase or redemption and cancellation of bonds and preferred stock of the Company, but an amount equal to the interest which would have accrued on bonds purchased or redeemed and cancelled by means of the Sinking Fund shall be paid by

the Company into the Sinking Fund (except at such times as the Sinking Fund shall be at its then effective maximum, at which times such payments shall be made into the Stabilizing Fund) and an amount equal to the amount which would have accrued as interest on bonds and dividends on preferred stock purchased, or redeemed and cancelled by means of the Amortization Fund shall be paid by the Company into the Amortization Fund as provided in Section 36 hereof.

If at any time all of said common stock shall have been withdrawn from said trust and there shall then be still outstanding and unredeemed any of the mortgage bonds of the company, the company shall, upon request of the city, take such steps as may be proper and lawful to increase the amount of its authorized and issued common stock, and such additional common stock shall be placed in trust and shall become the property of the City from time to time in the manner hereinbefore provided, upon the redemption or purchase of the then outstanding bonds, as hereinbefore provided.

SEC. 7. It is agreed by and between the City of Toledo, The Toledo Railways and Light Company and The Community Traction Company that the capital value of the company until increased or diminished as hereinafter provided, shall, for all the purposes of this ordinance, be the sum of Eight Million Dollars (\$8,000,000), which shall be represented by the first mortgage bonds of the Company, plus the following items, which shall be added to the aforesaid capital value when and as furnished:

A. One hundred thousand dollars to be furnished by the Company for working capital, out of which shall be paid all the expenses, fees, taxes, and so forth, incident to the organization of the Community Traction Company, and the amount advanced by The Toledo Railways and Light Company for the purpose of making a valuation of the Street Railway properties.

B. Five hundred thousand dollars to be provided for the Depreciation Fund.

C. Four hundred thousand dollars to be provided for the Stabilizing Fund.

D. One million dollars to be provided for a rearrangement of the street railway system under Section 10 hereof.

Items A to D inclusive of such capital value shall, as and when furnished, be represented by preferred stock of the Company in an equal aggregate par amount. Such capital value may be increased or decreased from time to time, as provided in this ordinance. The capital value as it exists from time to time may be represented by preferred stock of the company or first mortgage bonds, or both, but the aggregate par amount of such preferred stock and first mortgage bonds shall at no time exceed the capital value, as same shall be from time to time, and each such class of securities shall as to its own class be of equal parity; provided, however, that when common stock shall have been withdrawn from the trust by the Commissioners of the Sinking Fund and delivered

to the city upon the cancellation of bonds, which have been purchased or redeemed, the par amount of such common stock so delivered, together with the par amount of preferred stock and bonds outstanding and unredeemed, shall not in the aggregate exceed the capital value.

All bonds shall bear 6% interest per annum, payable as the company may determine, and be callable as provided in Section 40 hereof.

All preferred stock shall have a fixed par value, shall bear 8% cumulative dividends and be callable at any dividend paying date at the par value, plus accrued dividends and a premium of 8% upon par value.

Additions to the capital value other than the items referred to in Paragraphs A, B, C, D of this section may be represented by either preferred stock or bonds, provided, however, that additions to capital shall be made by the sale of preferred stock until such a time as the outstanding bonds represent sixty per cent. (60%) of the capital value and thereafter neither preferred stock nor bonds shall be issued to such an amount as that either will exceed sixty per cent. (60%) of the capital value.

The Company may, at its option, at any time, incur a floating indebtedness for the purpose of its current operations in the carrying on of its business and may, at its option, also, at any time, with the approval of Council, incur an indebtedness for the purpose of making or acquiring any extensions, betterments, or permanent improvements.

Indebtedness so incurred for extensions, betterments and permanent improvements may be evidenced as the Company and Council may agree, and shall be funded as soon as reasonably possible by the issuance and sale of preferred stock or bonds, as provided in this Ordinance.

The rate of return to be paid the Company from time to time upon its capital value, except as provided in Section 32 hereof, shall be 6 per cent. on that amount of the capital value which is represented by bonds and 8 per cent. upon that amount which is represented by preferred stock, and when the Company is permitted to create indebtedness for extensions betterments or permanent improvements, it shall pay as an operating expense such rate of interest on such indebtedness as may be necessary until such indebtedness is funded, at which time the rate applicable thereto shall come into force, and be paid.

To the capital value of the Company and as a part of the capital value of said Company, as that term is defined by the provisions of this Section, there shall be added from time to time the par value of preferred stock and bonds sold in accordance with this Ordinance, for the purpose of making the extensions, betterments and permanent improvements as hereinafter provided by Section 29 hereof or issued for funding authorized indebtedness. In providing new capital to make extensions, betterments or permanent improvements, the Board of Control shall determine which class of securities can be sold to the best advantage and report their finding to the Council for its approval or rejection. If bonds cannot be sold at par, they may be sold at a discount in an amount to be agreed upon by the Company and the Board of Control. Out of the proceeds of sale shall be defrayed such necessary costs, fees, expenses and charges as

are approved by the Company and the Board of Control. Preferred stock of the Company shall not be sold at less than par, but the Board of Control, if it determines in any instance that it is more advantageous to sell preferred stock, may authorize the payment of all the necessary costs, fees, expenses and charges incident to the sale thereof, together with a selling expense not greater than 10 per cent of the par value of the preferred stock so authorized to be sold. All the aforesaid sums so required to be paid shall be charged as a part of the cost and expense of such extensions, betterments or permanent improvements. If the Council approves the finding of the Board of Control in the matter of the sale of preferred stock or bonds for the purpose of making extensions, betterments or permanent improvements, such securities may be issued and sold. If the Council rejects such finding, the extensions, betterments or permanent improvements shall not then be required to be made, but nothing herein shall prejudice the right of the Council to at any time thereafter again propose such extensions, betterments or permanent improvements. Whenever bonds are sold at a discount, or a selling expense is incurred in the sale of preferred stock, the difference between the par value of the securities so sold and the cost of the extension, betterment or permanent improvement for which such securities were sold shall be amortized out of revenues of the Company over such period of time as the Commissioner and the Company may agree, not exceeding a period of three years, and the fund arising from such amortization shall be used in the making of extensions, betterments and permanent improvements and shall be set aside in a fund for that purpose; or such fund may, if the City and Company agree, be paid to the Trustee and used in the purchase or redemption of bonds, as provided in this ordinance, but if so used such funds shall not be counted in determining the limitations of the Sinking Fund. Upon the purchase or redemption of bonds with such funds, common stock of the Company, in an amount equal to the par amount of the bonds so purchased or redeemed, shall be taken from said trust stock and delivered to the Commissioners of the Sinking Fund in the manner provided in Section 6 hereof. Whenever securities of the Company issued to provide new capital are sold at a premium, such premium shall be used in the making of extensions, betterments and permanent improvements and shall be set aside in a fund for that purpose or it may be used in the purchase or redemption of bonds in the manner and under the conditions above provided.

The return to the Company specified in this section, except as provided in Section 32 hereof, shall be the only return to the Company on its capital value, and out of such return the Company shall make payments of all interest on its bonded indebtedness, and all dividends upon its preferred stock, represented in the capital value of the Company; and it is further expressly provided that, except as provided in Section 32 and 36 hereof, nothing in the Ordinance contained shall constitute an obligation or guaranty on the part of the City to pay the Company any part of said return, or to make up or pay any deficiency which at any time may exist in the fund out of which such return is payable.

SEC. 8. There is hereby created a Board of Street Railway Control, to consist of three persons who shall be appointed by the Mayor, one for a term of two years, one for a term of four years, and one for a term of six years, and thereafter as the term of a member of the Board expires the Mayor shall appoint a successor for the term of six years, and shall by appointment fill all vacancies in the Board for the unexpired term; provided, however, that the members of the Board of Control shall hold office until their successors are appointed and qualified, and if no appointment is made by the Mayor within sixty days after the term of any member has expired or after a vacancy exists, the remaining members of the Board, not less than two, shall have power to make the appointment or fill the vacancy. The members of the Board of Control shall serve without compensation and shall have the power and perform the duties prescribed in this ordinance.

The members of the Board of Control shall not individually or collectively form part of any body charged with the Government or Administration of the affairs of the City other than as herein provided; nor be in the employ in any capacity of any of the parties interested; nor be share holders; nor holders of bonds of the Company; nor be members of the General Assembly of Ohio, and the members of the Board of Control shall reside in and be electors of the City of Toledo.

Other than the duties and powers herein specifically provided, the Board of Control shall act in an advisory capacity both as to the Street Railway Commissioner and the Council. The Board shall meet at its office as often as once a month and keep accurate and true minutes of its meetings. The Board shall keep informed on all matters relating to the operations of the Company and to that end the Commissioner shall furnish the Board with all necessary reports and information, and the Board may, from time to time, make such recommendations to the Commissioner and to the Council as it may deem proper.

SEC. 9. There is also created the office of Street Railway Commissioner, and said Commissioner shall be appointed by the Mayor, upon the recommendation of the Board of Control and not otherwise, and such Commissioner shall be removed by the Mayor, upon recommendation of the Board of Control and not otherwise. There shall be furnished by the City to the Board of Control and the Commissioner, suitable rooms in connection with the general offices of the City, with the necessary office furniture, stationery and supplies. The Commissioner shall receive a salary to be fixed from time to time by the Board of Control, and shall have the right, subject to the approval of the Board of Control, to employ such assistants, accountants, engineers, clerks, and other employees, as he shall deem necessary at all times, to inspect and audit all receipts, disbursements, vouchers, prices, payrolls, timecards, reports, papers, books, contracts, documents and other property of the Company, and the salaries of such employees shall be fixed by the Board of Control. The rent of the offices of the Board of Control and Commissioner, the

cost of all necessary office furniture, stationery and supplies, the salary of the Commissioner, the cost and expense of all persons employed by the Commissioner, as above set forth, shall be paid by the Company upon the approval of the Commissioner and the Board of Control and charged to operating expense. Provided, further, that the sums authorized to be expended by the Commissioner, under the provisions of Section 29 hereof, shall be in addition to the amount in this section authorized to be so expended, and all such expenditures, whether under this or any other section of this ordinance, other than the salary of the Commissioner, shall be subject to the approval of the Council. Suitable rooms in the office of the Company shall also be at the disposal of the Board of Control and the Commissioner as may be necessary to enable them to make the inspection and audit herein provided for.

In case of any temporary absence or disability of the Street Railway Commissioner, the Mayor may designate some one to act in his stead, notice to be given to the Company as provided in Section 47. In the event a vacancy occurs in the office of the Street Railway Commissioner through death, resignation or otherwise, the Mayor may designate some one to act as Street Railway Commissioner until such time as a Commissioner shall have been appointed in accordance with the first paragraph of this section; notice to be given to the Company of such temporary appointment, as provided in Section 47.

SEC. 10. Immediately upon the appointment of the Board of Control, herein provided for, such Board shall prepare a plan for the rearrangement of the Street Railway System within the City of Toledo, with a view of giving the best service to the City with the highest operating efficiency and economy. Such proposed plan shall also contain provisions for a cross-town line or lines, and for such additional tracks, extensions and elimination of existing tracks as they may deem necessary for economy, service and efficiency, with such information and recommendations in reference thereto as Council may require.

The Board of Control may employ such person or persons as may be necessary in the preparation of such proposed plan, and the salary and expense of such person or persons and the necessary expenses of the Board of Control incurred therein, not exceeding in the aggregate the sum of \$10,000.00, and such further amount if necessary as may be agreed upon between the Council and the Company, shall be paid from time to time by the Company, thirty days after the presentation of the bill by the City, and charged to operating expenses.

Such proposed plan of rearrangement shall be submitted to the Council for its consideration, and the Council may by ordinance adopt such plan submitted by said Board of Control, with such modifications or changes as Council may deem necessary, and may provide for the immediate construction and equipment of all or any part thereof, or may defer construction and equipment of all or any part thereof, for such length of time as Council may deem advisable, not exceeding two and one-half (2½) years from the time of the adoption of such plans by the Council.

No rearrangement of said street railway system under the provisions of this section shall be made, which, including the cost of construction and elimination of tracks and structures, and restoration of streets, will cost in the aggregate more than one million dollars (\$1,000,000) or which will impair the present or future ability of the Company to meet and pay all obligations required by the terms of this ordinance, including the return to the Company, and, in the event of disagreement between the City and the Company, as to whether the cost thereof will exceed said sum or will so impair the ability of the Company to meet and pay such obligations, the matter shall be referred to arbitration, as provided in Section 15 hereof.

When any construction is made in accordance with the plans so adopted, the renewals, grants and franchises herein provided shall apply to, authorize and require the construction, reconstruction, equipment, maintenance and operation of such rearranged system or part thereof.

The Company shall remove its tracks and structures from the lines or parts thereof eliminated and shall restore the streets, avenues, public ways, places and parts thereof from which said removals are made to a condition equally as good as before said removal, subject to the direction and reasonable satisfaction of the City, but shall not be required to make such removal and restoration until ordered by the Council to do so.

Whenever any part of the system shall be eliminated in accordance herewith, the rights granted to the Company herein, except the right to remove its physical property, shall thereupon terminate, as to such portion of the system so eliminated, and the City shall not be liable in damages or otherwise for any loss of franchise rights in any way in connection therewith.

For the purpose of making the improvements provided for in this Section, the Company shall, from time to time, during the first two and one-half ($2\frac{1}{2}$) years after the taking effect of this ordinance, and, upon request, in writing, of the Street Railway Commissioner, provide the aggregate sum of \$1,000,000 as needed; and for the purpose of making needed renewals, replacements, betterments and improvements of the Company's property, as provided in Section 22 hereof, shall, from time to time, upon the request of the Street Railway Commissioner, within said two and one-half ($2\frac{1}{2}$) year period, provide the aggregate sum of \$500,000 as needed; the amounts so provided from time to time shall be expended only in the making of such improvements, in the case of said sum of \$1,000,000, and only in making needed renewals, replacements, betterments and improvements, in the case of said sum of \$500,000. Pending the expenditure of said \$1,000,000, and of said sum of \$500,000, or any part of either of said sums, such sums, or any part thereof respectively, may be loaned, deposited or invested as the Commissioner and the Company may agree, and the interest thereon shall become and be a part of the gross revenues of the Company.

It is agreed by the parties hereto that the failure of the Company to provide said sums of \$1,000,000 and \$500,000 respectively, above referred

to, or any part of either of said sums, as needed, and at the request of the Street Railway Commissioner, within the time and as in this Section provided, will result in damage to the City, and all the parties hereto desire that the amount of such damage shall be now fixed and liquidated, and that the amount thereof, as so fixed and liquidated, shall be paid by The Toledo Railways and Light Company to the City, as in this Section provided, and The Toledo Railways and Light Company, therefore, agrees that it will deposit with the Commissioners of the Sinking Fund of the City of Toledo an aggregate principal amount of \$150,000 of the first mortgage bonds of The Community Traction Company, \$100,000 in principal amount of said bonds to be pledged to secure the performance by The Community Traction Company of its obligation to provide said sum of \$1,000,000, in accordance with the provisions of this Section, and \$50,000 in principal amount of said bonds to be pledged to secure the performance by The Community Traction Company of its obligation to provide the sum of \$500,000, in accordance with the provisions of this Section and of Section 22.

In the event that The Community Traction Company shall fail to provide any part of said sum of \$1,000,000 or of said sum of \$500,000 when and as the same are needed and requested for the purposes provided in this Section and in Section 22 hereof, respectively, and within ninety (90) days after such written request of said Street Railway Commissioner, made within two and one-half (2½) years from the time of the taking effect of this ordinance, the Commissioners of the Sinking Fund shall thereupon deliver to The Community Traction Company a principal amount of said first mortgage bonds so held by them equal to ten per cent (10%) of the amount of said \$1,000,000, or of the amount of \$500,000, or the part thereof respectively at that time required to be provided by The Community Traction Company, as aforesaid, and not so provided, and an equal par amount of common stock of The Community Traction Company shall be thereupon withdrawn and delivered by the Commissioners of the Sinking Fund from the common stock held in trust by them, as provided in Section 6 hereof, and said common stock shall thereupon become and be the property of the City, and shall be accepted by the City in full satisfaction of all claims for damages arising by reason of the failure of The Community Traction Company to provide said sum of \$1,000,000, or said sum of \$500,000, or any part of either of said sums respectively in accordance with the terms of this section. Said bonds so delivered to The Community Traction Company shall be first endorsed on their face by the Commissioners of the Sinking Fund in an appropriate manner to indicate that they are no longer outstanding obligations of the Company, and shall be forthwith cancelled by the Company and delivered to the Trustee of the mortgage securing said bonds.

During the time said bonds, or any of them, are in the possession of said Commissioners of the Sinking Fund, all interest accruing thereon

Should any of said bonds be cancelled, as hereinbefore provided, an amount equal to the interest which would have accrued thereon had same not been cancelled shall thereafter be paid into the Stabilizing Fund.

The failure upon the part of The Community Traction Company to so provide the said sum of \$1,000,000, or any part thereof, or the said sum of \$500,000, or any part thereof, shall not be considered a violation on the part of the Company of any of the terms and conditions of this ordinance in any manner whatsoever, and the City shall not, by reason of said failure, be entitled to or have the right to enforce any forfeiture, or any other right reserved to it by this ordinance to be exercised upon the violation of any of the terms of this ordinance by the Company.

If The Community Traction Company shall provide the said sum of \$1,000,000, or any part thereof, or the said sum of \$500,000, or any part thereof, as and within the time provided in this Section, then, upon written request of The Toledo Railways and Light Company, the Commissioners of the Sinking Fund shall forthwith deliver to The Toledo Railways and Light Company a principal amount of said first mortgage bonds, so held by them, equal to ten per cent. (10%) of the amount of the said sum of \$1,000,000, or any part thereof, or the said sum of \$500,000, or any part thereof, provided by The Community Traction Company.

Upon the expiration of two and one-half (2½) years after the taking effect of this ordinance The Community Traction Company shall be released from its obligation to provide said sum of \$1,000,000, and its obligation to provide said sum of \$500,000, or any part of either of said sums, the providing of which shall not have theretofore been requested in accordance with the terms hereof, and the Commissioners of the Sinking Fund shall, upon the written request of The Toledo Railways and Light Company, then forthwith deliver any and all of said bonds of The Community Traction Company then so held by said Commissioners to The Toledo Railways and Light Company, or its nominee.

SEC. 11. The Street Railway Commissioner shall act as the technical adviser of the Board of Control and of the Council of the City of Toledo, in all matters affecting the interpretation, meaning or application of any of the provisions of this ordinance, and of action thereunder, affecting the quantity or quality of service, or the cost thereof, the rate of fare, the rate of return, the capital value, and the method of increasing or diminishing the same, or any other matter herein contained affecting the interests of the City. He shall always keep informed as to all matters affecting these questions, the receipts and disbursements and property of the Company, the number, duties and compensation of all officers and employees of the Company, and the vouchering of all expenditures, and if he disapproves of the vouchering of expenditures, or of the manner of keeping accounts, or other matter affecting the bookkeeping of the Company, he shall at once take the matter up with the Company, and in case of disagreement, the matter shall at once be submitted to the

Public Utilities Commission of Ohio, and the decision of such Commission, not inconsistent with the provisions of this ordinance, shall be final. If the Public Utilities Commission refuse to act, the question shall be submitted to arbitration as provided in Section 15.

The wages and compensation paid to employees and officers of the Company shall in no instance be in excess of those paid for similar services in similar lines of business of the same relative size and importance.

If, at any time, the Commissioner notifies the Company that in his judgment any laxity, carelessness or inefficiency exists in the matter of collecting the revenue of the Company, or of permitting free transportation in any way, or any wastefulness in the purchase or use of material, or in the number or wages of employees, or the number or compensation of officers of the Company, said Commissioner shall have the right to employ such assistants as he may need to determine the facts, and the Company shall pay the costs of all such assistants, upon the approval of the Board of Control, which expense shall be charged to operating expenses. If as a result of such investigation it is found that any laxity, carelessness, inefficiency or wastefulness exists, the Commissioner shall notify the Company thereof, and such laxity, carelessness, inefficiency or wastefulness shall be at once corrected by the Company. If there be any disagreement between the Commissioner and the Company as to the result of such investigation, or as to the efficiency of any corrective applied by the Company, and the question having been submitted to arbitration under the provisions of Section 15 hereof, such Board of Arbitration finds such failure to exist, or not to have been corrected, the reduction in the rate per cent. of return to the Company upon such portion of its capital value as is represented by preferred stock, as provided by Section 16 hereof, may be made and enforced by the Board of Arbitration until the failure is corrected.

The President of the Company, or in his absence or disability, such other person as shall have been designated by the President and notice thereof given to the City, or if no such designation has been made, then the highest executive officer of the Company in the order named in the Company's by-laws, a copy of which shall be furnished to the City with all amendments from time to time made, in the City at the time, shall represent the Company in all matters relating to the supervision or performance of the duties hereby entrusted to the Commissioner.

SEC. 12. The construction, rolling stock, equipment, maintenance and operation of the street railroads, or other means of transportation herein authorized, shall be subject to and governed by the general street railroad or other ordinances now in force, except as the same are herein modified, and future ordinances and regulations, of the City, not inconsistent herewith, except that the Company shall not be required to pay any car-license fee.

SEC. 13. In all paved streets occupied by its tracks, whether such streets were paved at the time of the passage of this ordinance or subse-

quently thereto, the Company shall maintain in constant repair the pavement within a space of seven (7) feet in width for single track, and for two or more tracks, the entire space between the outer rails of such tracks, including the space between such tracks and one foot outside of each outer rail, but in no event to exceed eighteen feet, except such space may exceed eighteen feet about curves, special work and where there are more than two tracks in a street; but the Company shall not be required to repave by virtue of this obligation to repair, nor by virtue of any requirement of the general ordinances of the City of Toledo, during the continuance of this grant.

SEC. 14. The Company shall place and continue upon all of its lines, cars of modern design, equipped and furnished with such improvements and appliances as shall be deemed by Council to be necessary and proper for the safety, convenience and comfort of the passengers and the public and the efficient collection of fares, and shall run such cars in such numbers at such intervals of time, subject to the limitations hereinafter provided and under such rules and regulations, consistent with the provisions of this ordinance, as the Council may from time to time require, and shall cause such cars to stop at such places as the Council may designate, for passengers to leave or enter the same. The City reserves to itself, to be exercised through the City Council, the entire control of the service, including the right to fix schedules and routes, including routes and terminals of interurban cars, the character of the cars and the right to increase or diminish service, provided that the Company shall not be required to furnish any additions or betterments to its property except in accordance with Section 29 hereof, and provided further that the Council shall not require service to such an extent that the rate of fare then in effect or such other rate as may be charged under the terms of this ordinance will not provide the Company with money enough to permit it to receive the prescribed return upon capital value and to make good any loss in the Stabilizing Fund. Whenever, in the opinion of the Company, any resolution or ordinance by Council, regulating service, will, if such service be installed at the rate of fare then in effect or at such other rate as may be charged under the terms of this ordinance, not provide the Company with money enough to permit the Company to receive the prescribed return and to make good any loss in the Stabilizing Fund, then and in any such event the Company shall at once install such service and may require the question whether the continuation of such service will, at the rate of fare then in effect or at such other rate as may be charged under the terms of this ordinance, not provide the Company with money enough to meet the requirements above mentioned, to be submitted to arbitration, as hereinafter provided, and if the Board of Arbitration shall decide that such service will not provide the Company with moneys enough to meet such requirements, then the resolution or ordinance shall not be further complied with by the Company, and the Company shall have the right to recoup any losses sustained, in the manner fixed by the Board of Arbitration, to which the question of the continuation of such service has been submitted.

The Street Railway Commissioner may, to meet emergencies, temporarily approve changes in schedules or routes and such changes in schedules or routes shall continue in force only until the Council shall, in accordance with the provisions of this section, otherwise direct.

SEC. 15. Whenever any difference shall arise with regard to any of the provisions of this ordinance or of the rights of the company or the city hereunder between the Company and the City, and the difference is with regard to a matter which might lawfully be arbitrated and is not herein excluded from arbitration, then the Company or the City may require such question or questions to be submitted to arbitration in the following manner: The Company or the City demanding arbitration shall name its representative upon said board, and notify the other party, together with a concise statement of the matter or question upon which arbitration is demanded. Within ten days thereafter, the representative of the other party shall be named by such party and notice of such selection given, failure to do which shall entitle the party demanding the arbitration to name such second arbitrator. The arbitrator to represent the City shall in all instances be selected by the Mayor. The two thus selected shall, within ten days after the appointment of the one last named, select a third arbitrator, and if the two said arbitrators are unable, within ten days, to agree upon such third arbitrator, then, upon application of either party, the person who is Presiding Judge of the Circuit Court of Appeals of the United States for the Circuit in which the City of Toledo is then included shall have the power to appoint such third arbitrator, five days' notice of the application to said Judge being given by the party making such application, and in said application for such appointment the party applying shall formulate the questions to be determined by the Board of Arbitration. (Before making a final appointment pursuant to any such application, the person making such appointment shall give three days' notice to the Company and the City of the person or persons considered by him, and either the City or the Company may within said three days present objection to any person or persons under consideration.) When such third arbitrator shall have been appointed, a majority shall have power to decide the question submitted to it and all matters necessarily incident thereto. The question submitted to the Board for decision shall be decided within thirty days from the date of the appointment of the third arbitrator, unless the Board unanimously agree to an extension of time, and if said questions are not determined within said thirty days, and no such extension of time is made, then either party may apply to the person who is the Presiding Judge of the Circuit Court of Appeals of the United States for the Circuit aforesaid, for the removal of said third arbitrator, and the appointment of a third arbitrator in place of the one so removed, and such third arbitrator shall be appointed as is herein provided for the original appointment of said third arbitrator.

In the event of the disqualification or refusal or failure to act of the person who is Presiding Judge of the Circuit Court of Appeals of the

United States for the Circuit aforesaid, the person who is Judge of the United States District Court for the District and Division in which the City of Toledo is then included, shall, on request as hereinbefore provided, have power to appoint or to remove and appoint, such third arbitrator, as is hereinbefore provided.

The finding of any Board of Arbitration on any question submitted to them as aforesaid, shall be in writing and copies thereof shall forthwith be filed with the Company and the City as provided for the delivery of notices in Section 47 hereof, and after such delivery, the finding of the Board shall be binding and operative. The Board shall, however, have the right in any finding made by it, to fix the time within which the things by it required shall be done.

The power of original appointment of an arbitrator shall also include the power to appoint an arbitrator in the case of a vacancy occurring through death, resignation, failure or refusal to act or otherwise.

All expenses of every kind incurred by any Board of Arbitration appointed hereunder, including the fees of the arbitrators, shall be fixed by the Board of Arbitration as a part of their award, and shall be paid by the Company, and charged to operating expenses.

Nothing in this ordinance shall be construed as permitting either the City or the Company to arbitrate in respect to the following matters:

(a) With respect to the sum fixed therein as capital value and the inclusion in capital value of all amounts which by the terms hereof are to be added thereto.

(b) With respect to the rate of return to the Company on the capital value.

(c) With respect to the rights of the City to prescribe the service, except where claim is made by the Company that the service prescribed at any rate of fare charged will not permit the Company under such service to receive the return provided for in Section 7 hereof, and to make good any loss in the Stabilizing Fund.

(d) With respect to the increase or decrease of the rates of fare herein prescribed.

(e) With respect to the right of the City to the possession, control and ownership of the property of the Company, upon the performance, or tender of performance by the City, of the conditions prescribed in Section 31 hereof.

(f) With respect to the providing of the sum of \$1,000,000 to be provided by the Company as set forth in Section 10 hereof.

(g) With respect to the providing of the sum of Five Hundred Thousand (\$500,000.00) Dollars to be provided by the Company as set forth in Section 22 hereof.

(h) With respect to the providing of the sum of Four Hundred Thousand (\$400,000.00) Dollars to be provided by the Company as set forth in Section 19 hereof.

(i) With respect to the providing of \$100,000 as working capital.

SEC. 16. In case of any failure on the part of the Company to do and perform fully and in good faith any direction or award made by the Board of Arbitration as hereinbefore provided, the rate per cent of return to the Company provided in Section 7 hereof upon that part of the capital value of the Company represented by preferred stock shall be reduced from the rate then in force by such amount as the arbitrators may determine, but not lower than one per cent below the rate prescribed in the ordinance, and shall continue at such reduced rate until in the opinion of the Board of Arbitration, the said order and direction has been carried out by the Company; and the Board of Arbitration shall have power to determine, in every instance, whether or not its orders have been carried out, and whether or not the reduction in the return upon the capital value above stipulated shall be made.

SEC. 17. At all times during the continuance of the rights herein granted, and any renewal or extension hereof, the Company shall keep in its office, in Toledo, Ohio, open to inspection by the City at all reasonable times, full, true and accurate accounts of all moneys expended and liabilities incurred in connection with said business, and the maintenance and operation of said property, and also complete statistical accounts of its business and operations, which accounts shall be kept in such manner as is provided by the system prescribed by the Public Utilities Commission of Ohio, or as may be hereafter required by law, and the said Company shall make and furnish to the Street Railway Commissioner copies of all usual, regular or required reports of its operations, whether such reports be daily, weekly, monthly or otherwise, and such other statements and reports as the said Commissioner or the Council may from time to time direct; and said Commissioner shall at all times have access to, and full authority to inspect, examine, audit and verify all accounts, vouchers, documents, books and property of the Company relating to the receipt and expenditure of money and the business done by the Company in the operation of its properties.

The Commissioner shall give out to be published monthly, reports of the operations of the Company, its receipts from all sources and expenditures for all purposes, and the condition of the funds of the Company, with such other information as the Commissioner may deem proper and advisable. And he shall also prepare and file with the Council, an annual and detailed report of the Company's operations.

SEC. 18. The proceeds of the sale of any property of the Company represented in the capital value of the Company, as that term is defined in Section 7 hereof, shall be used by the Company in the construction or acquisition of any extension, betterment or permanent improvement thereafter made. If required under the provisions of the mortgage made by the Company to secure its bonded indebtedness such proceeds shall be deposited with the Trustee of such mortgage. All such sums at any time on deposit with such Trustee shall be first taken down and used by the Company in the construction or acquisition of any extension, betterment or permanent improvement thereafter made. All such sales

of property and the price obtained therefor shall be subject to the approval of the Street Railway Commissioner, and the amount of the proceeds of such sale and the items of property sold shall be forthwith reported to the Council.

SEC. 19. Upon the taking effect of this ordinance the Company shall place the sum of \$400,000.00 in the Stabilizing Fund, which fund shall be a part of the capital value as defined in Section 7 hereof, shall be deposited separately from the current receipts of the Company, and shall from time to time have credited to it interest earned thereon by being deposited in such banks as the Company shall select, or may be invested in such securities as may be agreed upon between the Company and the Commissioner. To the Stabilizing Fund thus created there shall be added on or before the tenth day of each month the sum remaining after deducting from the gross receipts for the proceeding month the various payments required to be made and the reserve funds required to be set up, as provided in Section 20, and the fund thus created shall be and constitute the Stabilizing Fund, which fund shall only be drawn upon for the purpose of paying to the Company the return upon its capital value, as provided in Section 7 hereof. Such payments from the Stabilizing Fund shall be drawn by the Company in proper proportionate monthly installments, and shall be cumulative, and shall be made without any deduction whatever except as provided in Section 16 hereof. The Stabilizing Fund for the first year of this ordinance shall as to the minimum, mean and maximum thereof be, respectively, \$300,000.00, \$400,000.00 and \$500,000.00, and may not be diminished below such amounts, but after the first year shall be increased from time to time to such an extent as that the minimum, mean and maximum thereof shall be such an amount as will equal respectively 3, 4 and 5 per cent of the capital value of the Company as it may exist from time to time.

Sec. 20. For the balance of the calendar year in which this ordinance becomes effective, and for each calendar year thereafter, the gross receipts of the Company from fares, tolls, charges, advertising and all other sources of income, earnings and revenue arising from the possession and operation of its properties, shall be applied for the purposes and in the order following:

(First) To the payment of all necessary expenses of management and operation, including salaries, compensation and wages of employes, liabilities for personal injuries and damages to property accruing subsequent to the date of the taking effect of this ordinance, insurance, taxes, interest on floating debt, and public charges of every kind and character against the Company, its property or stock, or against any income or interest of the stockholders by reason of their ownership thereof, if the Company is legally liable for the payment thereof, and all other lawful expenses incurred by the Company under the provisions of this ordinance not specifically payable from any other fund.

(Second) To create and maintain a Maintenance and Repair Fund as in Section 21 provided, from which fund shall be paid all expenses

necessary to repair, maintain and preserve, its property and every part thereof, and all improvements hereafter made pursuant hereto, in good condition, thorough repair and working order.

(Third) To create and maintain a Depreciation Fund, as in Section 22 provided, from which fund shall be paid all expenses incurred in the renewal or replacement of any of the Company's property or in the making of minor betterments and improvements.

(Fourth) To create and maintain a Sinking Fund as in Section 23 provided.

(Fifth) The remainder of the gross income of the Company, after satisfying the requirements of the foregoing paragraphs of this section, shall be paid monthly into the Stabilizing Fund specified in Section 19 hereof.

Whenever the receipts of the Company are insufficient to provide for the payment of the operating expenses as provided herein, or insufficient to create and maintain the funds herein provided for, such deficiencies shall be first paid out of the subsequent revenues of the Company, in the order herein set forth, before any of the revenues of the Company are passed to the Stabilizing Fund, it being intended that all of the payments herein provided to be made for operating purposes and to the various funds herein set forth shall be cumulative.

SEC. 21. Immediately upon the taking effect of this ordinance the Street Railway Commissioner shall fix for the remainder of the calendar year, the amount of the Maintenance and Repair Fund and payments into said fund shall be made in equal monthly installments out of the gross earnings. If the Company shall not agree with the Commissioner as to the amount of the fund so fixed by him, the matter shall be submitted to arbitration, as in Section 15 provided. In the meantime the finding of the Commissioner shall control. If the Board of Arbitration, however, fix a different amount than that fixed by the Commissioner, such finding of the Board of Arbitration shall revert to and be in force and effect as of the date when the fund began to accumulate, unless the Board of Arbitration fix some later date for the taking effect of their finding. The Street Railway Commissioner shall for each subsequent calendar year and thirty days prior to the beginning thereof, fix the amount of the Maintenance and Repair Fund and payments into said fund shall be made in equal monthly installments out of gross earnings, and in the event the Company shall not agree with the Commissioner as to the amount of the fund so fixed by the Commissioner, the matter shall be submitted to arbitration, and in the meantime there shall be paid into the fund each month of the year in question, the average monthly amount which was paid into the fund during the preceding calendar year. If the Board of Arbitration fix a different amount than that fixed by the Commissioner, such finding of the Board shall revert to and be in force and effect as of the beginning of the calendar year in question, unless the Board fix some later date for the taking effect of their finding. If the Company and the Commissioner deem it advisable, the monthly payments to be made

into such fund for any calendar year, instead of being equal may be for the several months respectively such percentages of the entire amount to be paid into such fund in said calendar year as may be agreed upon between the Company and the Commissioner. All payments into the fund shall be made on or before the 10th day of each calendar month.

SEC. 22. The Commissioner, immediately upon the taking effect of this ordinance, shall fix for the remainder of the calendar year the amount to be paid into the Depreciation Fund, and such payments into said fund shall be made each month in equal installments on or before the 10th day of the month, out of the gross earnings of the Company for the remainder of said calendar year, and the Commissioner shall for each subsequent calendar year and thirty days before the beginning thereof, fix the amount to be paid from the gross earnings into such Depreciation Fund and such payments into said fund shall be made each month in equal installments on or before the 10th day of the month out of said gross earnings for said calendar year, except as hereinafter provided.

The amount so fixed by the Commissioner to be paid into the Depreciation Fund in any one year, shall not exceed an amount equal to one and one-half per cent ($1\frac{1}{2}\%$) of the capital value as it exists at the time the Commissioner fixes said amount, nor be less than an amount equal to one-half ($\frac{1}{2}$) of one per cent (1%) of such capital value, and the total amount in the Depreciation Fund at any time shall not exceed, after deducting accrued payments to be made therefrom, an amount equal to four per cent (4%) of the then capital value of the company. In the event the limitations herein provided are reached, payments into the Depreciation Fund shall cease until the items paid or accrued and payable out of the fund shall reduce it below the limitations herein provided, at which time the payments into the fund shall be resumed. Upon an increase in the capital value during any calendar year, the amount payable into the Depreciation Fund shall be proportionately increased for the remainder of said year.

If the amount fixed by the Street Railway Commissioner to be paid into such fund is less than $1\frac{1}{2}\%$ of the capital value in any one year, or being less than 1% of the capital value will produce in such fund a total less than 4% of the capital value after deducting accrued payments to be made therefrom, and the Company does not agree to the amount as fixed by the Street Railway Commissioner, the matter may be submitted to arbitration, and in the meantime payments shall be made into said fund at the rate fixed by the Street Railway Commissioner, subject to the limitations of this section. If the Board of Arbitration shall fix a different amount than that fixed by the Commissioner, such finding of the Board shall be effective as of the date fixed by the Board, but not earlier than the beginning of said calendar year, provided, however, that the Board of Arbitration shall not have the authority to exceed the limitations herein provided.

The moneys in such Depreciation Fund shall be used for the purpose

of renewing, restoring, replacing or substituting depreciated property in order to keep the property of the Company in good condition, repair or working order, or such moneys may be expended in minor betterments, extensions or permanent improvements, but the moneys in such funds shall not be used for ordinary repairs and maintenance. Such moneys shall be expended by the Company for the purposes herein provided, upon agreement between the Commissioner and the Company, provided, however, that no extensions or modifications of lines of street railway shall be made without the approval of the Council. Any income arising from the investment of such moneys, in accordance with the provisions of Section 24, shall be and become a part of such fund.

The Company shall, in the manner and under the terms provided in Section 10 of this ordinance, provide the sum of \$500,000, which shall as and when furnished, be a part of the capital value as defined in Section 7 hereof. Said sum shall be paid into the Depreciation Fund and shall be used for the purpose of making needed renewals, replacements, betterments and improvements of the Company's property. The expenditures of said sum so provided by the Company shall be made by agreement between the Company and the Commissioner, and in the event of disagreement, the question shall be arbitrated as provided in Section 15 hereof. Such sum shall be in addition to the amounts required by this section to be paid into said Depreciation Fund out of gross earnings, and shall not at any time be counted in determining whether such Depreciation Fund has reached the limitations fixed by this section, it being agreed that by reason of accrued depreciation prior to the taking effect of this ordinance, such additional sum is necessary to assist in restoring the property of the Company to a first-class condition.

SEC. 23. Immediately upon the taking effect of this Ordinance, the Company shall create a Sinking Fund, and shall maintain said Sinking Fund during the life of this Ordinance.

On or before the 10th day of each month, beginning with the month following the taking effect of this Ordinance, the Company shall pay to the Trustee of the mortgage securing the Company's bonds, for the account of said Sinking Fund, subject to the limitations hereinafter set forth, an amount equal to one-twelfth (1-12) of two and one-half (2½%) per cent of the capital value of the Company, as the same existed on the first day of the month in which the payment is made.

It shall be the duty of the Trustee, without unnecessary delay, to utilize said moneys so paid into the Sinking Fund, together with the moneys paid into said Sinking Fund under the provisions of Section 6 hereof, in the purchase of bonds of the Company at the best price obtainable, but not exceeding the principal amount thereof, plus a premium of four per cent (4%) of said principal, plus accrued interest to the date of purchase. If unable to so purchase the bonds, it shall be the duty of the Trustee to call for redemption at a price of 104% of the principal amount thereof, plus accrued interest to the redemption date an amount of bonds sufficient to exhaust the funds then held in the

Sinking Fund, provision for which shall be made in the mortgage securing the bonds. The bonds so purchased or redeemed by the Trustee shall be cancelled and the Trustee shall certify such purchase or redemption and cancellation to the Commissioners of the Sinking Fund of the City of Toledo and common stock shall be withdrawn and delivered by such Commissioners of the Sinking Fund from the common stock held in trust by them, as provided by Section 6 hereof, in an amount equal in par value to the principal amount of bonds so purchased or redeemed and cancelled.

Whenever at any time the principal amount of the bonds so purchased and redeemed, together with all moneys then held in the Sinking Fund, shall equal twenty per cent of the capital value, except as hereinafter provided, payments into the Sinking Fund shall for the time being cease, but whenever thereafter from time to time, by reason of additions to the capital value, or otherwise, the principal amount of bonds then purchased, redeemed and cancelled, as aforesaid, together with all moneys then held in the Sinking Fund shall be less than twenty per cent of the capital value, payment into the Sinking Fund shall be resumed in the manner and in the amount in this section provided, until the principal amount of bonds purchased, redeemed and cancelled, together with all moneys held in the Sinking Fund, shall again be equal to twenty per cent of the capital value.

In the event that this ordinance shall be renewed or extended, as provided in Sections 37, 38 and 39 hereof, then and in such event said Sinking Fund shall, by payments into the same, as hereinbefore provided, be increased to and maintained at an amount which shall equal in addition to said twenty per cent above provided, one per cent of the capital value of said Company for each year of said renewal or extension. As soon as the payments into said fund in any one calendar year of such renewal or extension equals one per cent of the capital value over and above the amount otherwise required to be in said fund, payments into said fund shall cease for the remainder of such calendar year and such additional payments made into said fund during such renewal or extension shall be used for the purchase of bonds in the same manner as hereinbefore provided and common stock shall thereafter be withdrawn and delivered by the Commissioners of the Sinking Fund in the manner and in the amount provided in Section 6 hereof.

SEC. 24. It is intended by this Ordinance that at all times there shall be provided sufficient Funds for the various purposes enumerated in this ordinance to enable the Company to meet all legitimate expenses of operation, to meet all proper charges for maintenance, repairs, replacements and renewals, to the end that the Company's property shall be maintained in good condition, repair and working order, and through the means of the Sinking Fund, furnish ample protection to the holders of securities of the Company, and make possible an economical financing of new constructions, extensions and additions to the properties of the Company and to pay the Company the return upon capital value and to

amortize its property all as provided in this ordinance. Any moneys at any time in any Fund provided for by this ordinance, not needed for the immediate purpose for which they were intended to be expended, may from time to time be temporarily invested or deposited in such manner, and for such length of time, as the Commissioner and the Company may agree.

SEC. 25. In any case in which the amount payable into the Maintenance and Repair Fund or into the Depreciation Fund is increased by an award of arbitrators, and the increase made effective as of an earlier date, the difference between the amount which has been paid into such fund, within the period between said earlier date and the date of award, and the amount payable under the award, shall be paid into the fund out of gross receipts, within a like period after the award, in monthly installments to be fixed by the arbitrators, and if the amount payable into said fund is decreased by said award, and the decrease made effective as of an earlier date, the difference between the amount which has been paid into the fund, within the period between said earlier date and the date of the award, and the amount payable into such fund under the award, shall be paid into the Stabilizing Fund within a like period after the award, in monthly installments to be fixed by the arbitrators.

SEC. 26. The following rates of fare are hereby established.

SCHEDULE OF FARES.

- (a) Five-cent cash fare, five tickets for fifteen cents, one-cent transfer;
- (b) Five-cent cash fare, eight tickets for twenty-five cents, one-cent transfer;
- (c) Five-cent cash fare, seven tickets for twenty-five cents, one-cent transfer;
- (d) Five-cent cash fare, five tickets for twenty cents, one-cent transfer;
- (e) Five-cent cash fare, six tickets for twenty-five cents, one-cent transfer;
- (f) Five-cent cash fare, eleven tickets for fifty cents, one-cent transfer;
- (g) Five-cent cash fare, five tickets for twenty-five cents, one-cent transfer;
- (h) Six-cent cash fare, five tickets for twenty-five cents, one-cent transfer;
- (i) Six-cent cash fare, nine tickets for fifty cents, one-cent transfer;
- (j) Six-cent cash fare, five tickets for thirty cents, one-cent transfer;
- (k) Seven-cent cash fare, eight tickets for fifty cents, one-cent transfer;
- (l) Seven-cent cash fare, six tickets for forty cents, one-cent transfer;

- (m) Seven-cent cash fare, five tickets for thirty-five cents, one-cent transfer;
- (n) A rate which shall be a lower rate than rate (a) and shall bear as near as may be the same relation to rate (a) as rate (a) bears to rate (b), and a rate which shall be a higher rate than rate (m), and shall, as near as may be, bear the same relation to rate (m) as rate (m) bears to rate (l); said rate lower than rate (a) shall be calculated and published by the Street Railway Commissioner at such time as rate (b) is being charged and said rate higher than rate (m) shall be calculated and published by the Street Railway Commissioner at such time as rate (l) becomes effective and other rates calculated and published in the same manner by the Street Railway Commissioner based upon the then existing published low rate or high rate as the case may be, to the end that there shall always be two rates calculated and published, higher or lower than the fare being charged. Publication shall be made of said newly calculated rates of fare in such of the daily newspapers published in the City of Toledo, and in such manner as the Street Railway Commissioner may deem best.

At all times children in arms shall be carried free, other children of the age of eight years or under shall be carried for one cent with one cent charge for transfer.

Each of the foregoing rates of fare when in force, shall be the rate of fare for a single continuous ride in one direction, over any route of said Company, whether enumerated in Section 2 hereof or not; and when any of the foregoing rates of fare is in force with regard to which a ticket rate is provided, the Company shall sell on all of its cars at all times, tickets at the rate provided, each of which tickets shall entitle the holder to one ride. At all times, any passenger demanding a transfer ticket at the time of paying such cash or ticket rate of fare as shall then be in force, shall be entitled, upon the payment of one cent, to such transfer, and to transfer from the route on which he shall have paid such fare to any other route of said Company, except in a substantially opposite direction on a route parallel or substantially parallel thereto, and to ride continuously to any point upon such second route provided he transfer to a car upon such second route within five minutes after leaving the car upon which he shall have paid fare, or to the first car of such Company passing such transfer point upon such second route, and at the first point of intersection of said routes reached by the car upon which he shall have paid fare. If cars upon two or more routes are operated regularly along the same street, passengers who are able to reach their destination by one of said routes, without transfer to another of said routes, shall board a car upon the route reaching such destination and shall not be entitled to transfer thereto from any such other route.

Any passenger transferring to a car upon a cross-town line of said

Company shall, upon demand, at the time of presenting, within the time herein provided, a transfer ticket to such cross-town line from any intersecting line of said Company, be entitled, without additional charge, to transfer to any other route of said Company intersecting such cross-town line, and to ride to any point upon such intersecting route, provided he transfers to a car upon such last-mentioned route five minutes after leaving such cross-town car, or the first regular car upon such last-mentioned route. By cross-town line as that expression is herein used is meant such line as may be hereafter designated as such by the city and hereafter constructed or operated as such by the Company pursuant to the provisions of this ordinance.

The Company shall not be required, however, except on belt lines, to furnish a round trip for a single fare, nor to carry any passenger to any point upon its railway and from such point to the vicinity of his starting point for a single fare; and the Company may, subject to the approval of the City Council, as hereinbefore provided, make such reasonable regulations, not inconsistent with the provisions of this ordinance, as may be necessary to prevent the misuse of transfers.

The Company may make and enforce proper and reasonable rules and regulations relating to the collection of fares and the issuance and acceptances of transfers upon the several routes of the Company, subject, however, to the approval of the City Council.

Upon increase of rates of fare as provided in this ordinance, outstanding tickets shall be void, but such tickets shall be redeemed by the Company at its office at the rate paid therefor, as near as may be without loss to the Company, provided, however, that any ticket for which a higher rate has been paid than the fare in force may at the option of the holder be accepted as fare or presented at the office of the Company for redemption as aforesaid.

SEC. 27. At once upon the taking effect of this ordinance, the Company shall put into operation the rate of fare stipulated in paragraph j of Section 26 hereof, to-wit: Six (6) cents cash fare, five tickets for thirty cents and one cent charge for transfer, and said rate of fare shall continue in force for six months from the taking effect hereof. Thereafter the rate of fare shall be changed from time to time as follows: Whenever the balance in the Stabilizing Fund, less the proportionate accrued payments to be made therefrom, shall be less than \$400,000.00 by the amount of \$100,000, or, in the event the Stabilizing Fund has been fixed in accordance with the percentages provided in Section 19 hereof, whenever the balance in the Stabilizing Fund, less proportionate accrued payments to be made therefrom, is less than three per cent of the then capital value of the Company, the next higher rate of fare provided in Section 26 hereof shall be put into effect upon the giving of notice as hereinafter provided.

Whenever, under the terms of this ordinance, it is lawful to make any increase or decrease, in the rate of fare, the Company shall ten days before such change in rate of fare shall become operative, give written

notice to the City of such change, in the manner provided in the ordinance for the giving of notices, and shall post in the cars in regular operation, notice of the increase or decrease of fare, stating the new rate it is intended to install and the date such change in fare is to become operative. If the Company fails to give such notice of the change in fare, or to post the same as herein required within three days after such notice may be lawfully given, the Commissioner shall give notice to the Company in the manner provided in the Ordinance for the giving of notices, directing the Company to install such change in fare, and such change shall become operative in ten (10) days, after the giving of such notice by the Commissioner.

SEC. 28. The words, "Extensions, betterments and permanent improvements," as used in this ordinance, in contradistinction from repairs, maintenance, renewals and replacements of property, shall be held to mean the acquisition, construction and equipment of additional lines of street railway, power houses, switches, sidings, car houses, shops, rolling stock, machinery, poles, wiring, conduits, or other means of power transmission, and other property or additions to existing equipment, or difference between cost of new sources of power, or new methods of propulsion and the cost of the source of power or method of propulsion replaced, if new at the time of replacement, and all expenses incident to such construction and acquisition; and also, whenever any property of the Company is replaced by other property at a greater cost than would be the first cost of the replaced property if purchased at the time of replacement, then such excess cost shall be deemed an extension, betterment or permanent improvement, within the meaning of those words as used in this ordinance; and in the event of any disagreement between the Company and the Council with regard thereto, a Board of Arbitration, selected as provided in Section 15 hereof, shall have the power to determine, under the provisions of this Section what expenditures made or proposed by the Company are for extensions, betterments, and permanent improvements.

SEC. 29. Either the Company or the Council may propose extensions, betterments or permanent improvements. Whenever any extension, betterment or permanent improvement is proposed by the Council, estimates of the cost thereof and plans and specifications therefor, shall be filed with the Company by the City; and whenever any extension, betterment or permanent improvement is proposed by the Company, estimates of the cost thereof, and plans and specifications therefor, shall be filed with the City by the Company.

When such extensions, betterments or permanent improvements proposed by the Company have been approved by the Council, or when estimates of the cost, and plans and specifications of any extension, betterment or permanent improvement proposed by the Council have been filed with the Company by the City, such extensions, betterments and permanent improvements shall be made, if the Company, acting in good faith, and using all usual means, can procure the necessary money, by the sale

of preferred stock or bonds, unless the Company shall claim in any such case, that the extensions, betterments or permanent improvements proposed by the Council will impair the present or future ability of the Company to earn the amounts necessary to meet all proper obligations of the Company, including payment of the rate of return to be paid the Company, as provided in this ordinance, or that the Company is unable to finance said extensions, betterments or permanent improvements, in either of which cases the claim of the Company if not concurred in by the city shall be submitted to arbitration, as provided in Section 15 hereof. Provided, however, that the providing of the sum of One Million Dollars (\$1,000,000) hereinbefore required as provided in Section 10 shall not be subject to such arbitration.

The Street Railway Commissioner shall have the right to employ, subject to the approval of the Board of Control, such assistants as he shall deem necessary for the purpose of checking over estimates of any extension, betterment or permanent improvement proposed by the Company and also for the purpose of making the estimated plans and specifications of any extensions, betterments or permanent improvements proposed by the Council, and if the work of constructing such extensions, betterments or permanent improvements is undertaken, the contract or contracts for the same shall require the approval of the Commissioner, and he shall have the right to employ, subject to the approval of the Board of Control, such assistants as he shall deem necessary for the purpose of checking material, labor or other costs in the supplying of such extensions, betterments or permanent improvements, and the Company shall pay all bills for such assistants and services approved by the Street Railway Commissioner, provided that such bills shall be subject to the approval of the City Council, and shall not in the aggregate exceed One Per cent (1%) of the cost of the proposed extensions, betterments or permanent improvements, which sum, if the extension, betterment or permanent improvement is made, shall be included in the actual cost thereof, or if the extension, betterment or permanent improvement is not made, such expense thereof, not exceeding one per cent of the estimated cost of the proposed extensions, betterments or permanent improvements shall be paid by the Company as an operating expense. Nothing shall be added to the capital value on account of any extension, betterment or permanent improvement made by the Company without the approval of the Council.

The Board of Control may also, from time to time, propose extensions, betterments or permanent improvements and any such proposals made by said Board of Control shall be filed with the Council who may approve, reject or modify the same. If such extensions, betterments or permanent improvements so proposed by said Board of Control are approved by the Council, either with or without modifications, such extensions, betterments or permanent improvements shall be governed in every respect by the provisions of this section the same as though they had been originally proposed by the Council.

The City, at its option on behalf of the Company, may procure the consent of abutting property owners for extensions, at a reasonable expense, which expense shall be included in the cost of such extension.

SEC. 30. During the continuance of this grant, the Company shall carry on its cars, free of charge, all policemen and firemen of the City of Toledo in uniform on duty, unless otherwise provided by law or ordinance, but shall otherwise give no free passes or free transportation unless otherwise required by law, except to actual employees of the Company when going to and from work, the cost of the same to be charged to operating expenses at the regular rate of fare in effect. The Company shall, by the adoption of all reasonable protective measures, and by necessary supervision of its employees and accounting force, provide for the collection of fares due the Company from passengers. The Council may, in its discretion, by ordinance, further restrict the giving of free passes or free transportation.

SEC. 31. The Company, by the acceptance of this ordinance grants to the City, and the City hereby reserves to itself the right, at any time during the life of this grant or any renewal or extension thereof, whenever the City shall have legal power so to do, upon giving at least six months' previous notice in writing of its intention so to do, to purchase and take over the entire Street Railway System of the Company, including all property then existing which constitutes the Street Railway System, with all renewals, improvements, betterments and repairs thereon and additions thereto, and including all the property, grants, franchises, rights and claims of every kind, character and description then owned by said Company. In case the City shall purchase and take over the Street Railway property of the Company during the life of this grant or any renewal thereof, as in this section provided, then it shall pay for the same the capital value of said property, as fixed by Section 7 hereof, increased and diminished as in this ordinance provided, plus such an amount as will equal the call premium upon the preferred stock and bonds of the Company then outstanding, and uncalled, the City at the time of such purchase assuming and agreeing to pay, in addition thereto, all the current obligations, indebtedness and liabilities of said Company, contracted in good faith and in the ordinary course of business, and all liabilities for damages to person or property, and all liens other than bonded indebtedness then existing upon the property, which bonded indebtedness the City may at the time of any such purchase, provide for by assumption if the law authorizing such purchase permits, or by payment if the law so authorizes at the time, and under the provisions of the bonds they are callable.

To the extent that the City takes the property and assumes or pays bonded indebtedness, the amount thereof shall be deducted from capital value before the addition of the call premium heretofore provided in determining the price to be paid by the city. Should the City exercise the option to purchase, hereby conferred, an amount equal to the par value of the common stock withdrawn from the trust shall

be deducted from the purchase price, and moneys in the Sinking Fund in the Amortization Fund and in the hands of the Trustee of the mortgage, respectively, shall be credited upon the purchase price, and assets and securities in all other funds of the Company shall be by the Company converted into money, which money, together with the moneys in such funds of the Company, after deducting accrued payments to be made therefrom, shall be paid to or retained by the Company and credited upon the purchase price to be paid by the City. Upon giving such notice in writing to the Company by the City as is provided in Section 47 hereof, the law then permitting such purchase, of the intention to exercise the option to purchase herein given, the Company shall, and hereby agrees that it will, as soon thereafter as the law will permit, execute and deliver to the City a good and sufficient deed, conveyance and assignment, conveying a good marketable title to said railways, grants, property and franchises then held, (not including the assets and securities to be converted into cash and to be credited on the purchase price as above provided), subject, however, to all current indebtedness, obligations and liabilities of said Company and all other obligations and liens assumed by the City; and upon the delivery of said deed, conveyance and assignment, the City shall pay said purchase price, as hereinbefore provided, and execute all papers necessary to carry into effect the terms of such purchase and thereupon all the rights herein granted to The Community Traction Company shall cease and determine.

SEC. 32. The City hereby reserves the continuing right at any time after the taking effect of this ordinance, and during the term of this grant or any renewal or extension thereof, to lease, and the Company hereby agrees that it will lease its entire street railway system as the same shall then exist, including all property of every kind used in and useful for the operation thereof, for a period of the term of this grant or any renewal or extension thereof, then unexpired. Such action of the City shall be taken by referendum vote, and the City shall give to the Company six months' notice in writing of its determination to lease the said property.

Any lease by the City of the Company's property hereunder shall contain provisions substantially as follows:

1. The value of the property for the purposes of the said lease shall be the capital value as of the date of the lease ascertained in the manner provided in Section 7 hereof.

2. The City shall during the term of the lease pay all taxes and public charges of every kind and character assessed against the Company and its property, if the Company is legally liable for the payment thereof.

3. The City shall assume and agree to pay all the current obligations, indebtedness and liabilities of the Company, contracted in good faith and in the ordinary course of business and all liabilities for damages to persons or property for which the Company may be legally

liable, at the date of the lease, and shall indemnify the Company against all loss and against all damage claims of every character and description arising through the City's operation of the property under lease.

4. The City shall at all times during its possession of the property as such Lessee, operate the street railway property in a reasonably efficient manner without laxity or carelessness and to that end shall employ sufficient competent managers and employees and shall keep the property in good condition, thorough repair and working order and from time to time make payments into the Stabilizing Fund, the Sinking Fund, Amortization Fund, Maintenance and Repair Fund, Depreciation Fund, and any other fund into which the Company would be required or entitled to make payments were the Company, instead of the City, operating the property in accordance with the terms of this ordinance, and shall at all times charge and collect such rate of fare in the operation of said street railway property as will enable it to perform said obligations and to pay the rental to the Company, as hereinafter provided and to pay the amount hereinafter provided for the redemption of the bonds and preferred stock of the Company.

5. Any lease to the City hereunder shall become effective as of the first day of the calendar month next following the execution and delivery thereof, and on the first day of each calendar month thereafter during the term of said lease and on the last day of the last month of said term, the City shall pay to the Company as rental a sum equal to one-twelfth of eight per cent of the capital value of the Company, as said capital value is ascertained to be at the date of the taking effect of said lease, reduced by an amount equal to the aggregate par value of the bonds and preferred stock purchased or redeemed and cancelled as provided in Sections 23 and 36 hereof, as same shall be from time to time, except when the City is operating under and by virtue of the provisions of subdivision "C" of Division 6 of this Section, in which event the City shall pay to the Company as rental on the days of the month aforesaid a sum equal to one-twelfth of eight per cent of the salvage value of said street railway property.

6. The City shall, upon the same day upon which the rental provided in Division 5 of this Section is paid, pay to the Trustee of the mortgage securing the bonds of the Company, a sum equal to one-twelfth (1-12) of four per cent of the capital value of the Company, as said capital value is ascertained to be at the date of the taking effect of said lease, which payments shall be used by said Trustee for the purchase or redemption of bonds as is provided with respect to the Amortization Fund in Section 36 hereof; provided, however, that at such time as it becomes the duty of the City under the provisions hereof to make the payments into said Amortization Fund in accordance with Section 36, such payments shall then be made in lieu of said one-twelfth of 4% of the capital value, provided that if such payments under Section 36 would be less in amount than 4% of the capital value per annum, said payments of one-twelfth of 4% of the capital value shall continue in effect;

and provided further that at such times as all of the outstanding bonds of the Company shall have been so redeemed and paid by the trustee, such payments shall then be made to the Company for the purpose of calling and cancelling its outstanding preferred stock, as provided in Section 36 hereof, and such payments by the City to the Trustee or the Company shall continue until such time as the salvage value of the property is equal to the aggregate par value of the unredeemed bonds and preferred stock of the Company, at which time the City shall have the following options:

(a) To purchase the property of the Company by paying to the Company such amount as is necessary to redeem all of the then unredeemed bonds and preferred stock of the Company in accordance with the provisions of Section 31 hereof.

(b) To continue the lease in effect for the remainder of its term and to continue to make payments into the Amortization Fund as in this section provided, until such time as all of the bonds and preferred stock of the Company have been redeemed in accordance with the provisions of Section 36 hereof, whereupon the title to the street railway property of the Company shall vest in the City, and the Company shall be added to the fare and paid into said fund as provided in Section 31 hereof.

(c) To continue this lease in effect for the remainder of the term of this ordinance, and at the further option of the City upon the conditions hereinafter stated for the term of any renewal and extension of this ordinance. Said option shall be subject to the following conditions:

First: That at the time the City elects to continue the lease in effect for the remainder of the original term of this ordinance, there shall have been duly adopted an ordinance extending the term of this ordinance for a period of ten years from its original date of expiration.

Second: That in the event the City elects to continue the lease in effect for the term of any renewal of this ordinance that there shall have been duly adopted at the time the City exercises such option an ordinance extending the term of this ordinance for a period of ten years from and after the expiration of such renewal period for which the lease is renewed.

Third: That the city at all times while operating under and in pursuance of the rights conferred on it by this option shall pay into the Amortization Fund such amount as will redeem such bonds or preferred stock as may be necessary to keep the aggregate par value of all unredeemed bonds and preferred stock equal to the salvage value of the leased property.

Fourth: That at the expiration of said lease, if same be not renewed, or at the expiration of any renewal, if such renewal be not renewed, all of the leased property, including money and securities in the possession of the City in all funds required to be maintained by the City under this ordinance, shall be returned to the Company all free and clear of all liabilities and obligations of every kind incurred by the

city, except current obligations, indebtedness and liabilities of the City contracted in good faith in the ordinary course of business in the operation of the property which shall be assumed by the Company, including liabilities for damages to persons and property, all of such obligations, indebtedness and liabilities not exceeding in the aggregate the amount of obligations, indebtedness and liabilities of the Company assumed by the City at the commencement of the original lease, and thereupon proceed to operate said property for said period of ten years respect to the operation of the street railway property as provided in this ordinance to be effective during the last fifteen years of the original grant (except as hereinafter provided) shall become and be in full force and effect for the full period of ten years from and after the date said property shall so be returned to the Company; and the Company shall thereupon proceed to operate said property for said period of ten years under the terms and conditions applicable to said fifteen year period, provided, however, that during said ten year period the Company shall add to the rate of fare, which would otherwise be in force from time to time, such an amount as will provide the Company each year with a sum equal to one-tenth of the aggregate par value of the bonds and preferred stock of the Company outstanding and unredeemed at the time said property is returned, plus the call premium upon such amount of bonds and preferred stock, and less an amount equal to the interest, if any, paid into the Amortization Fund during the preceding calendar year, which amount, derived from said addition to the rate of fare, shall be paid into the Amortization Fund in accordance with the provisions of Section 36 hereof, and shall be used in the purchase and redemption of bonds and preferred stock of the Company as provided therein, and provided further, that if the City shall, at any time disagree with the Company as to the amount necessary to be added to the fare to accomplish the purpose aforesaid, the matter shall be submitted to arbitration as provided in Section 15 hereof and pending the award of the arbitrators the amount as calculated by the Company shall be added to the fare and paid into such fund.

It is the purpose and intent of this Subdivision (c) of Division 6 of Section 32 that at the expiration of any lease period and the return of the property by the City to the Company there shall simultaneously take effect a renewal grant hereof for a period of ten years, to the end that the Company shall, at the termination of said lease and the return of its said property, thereafter have a full period of ten years within which to redeem and retire its outstanding bonds and preferred stock as provided in this Subdivision (c) of said division and section; and that upon such redemption and retirement, the title to said property shall vest in the City without further payment to the Company.

7. The City shall allow the representatives of the Company at all reasonable times to inspect all of the property so leased and the books, papers and records of the City used in or incident to the operation of said street railway. During the continuance of the said lease the Com-

pany shall be under no obligations to expend any money upon the said property or to make any additions, betterments and permanent improvements thereon, except it elects so to do.

The Company may, at any time, in the event the City fails to pay any charges or assessments against said property, pay the same and the City shall, upon demand of the Company, reimburse the Company therefor. The City shall at all times keep fully insured against loss by fire in responsible insurance companies, subject to the approval of the Company, all buildings, cars and other insurable property so leased, and it shall pay the premiums thereon, and the policies of insurance shall be taken in the name of the Company or of the Trustee of the mortgage securing the bonds of the Company, as the Company shall direct.

8. In case of the failure on the part of the City to keep and perform any one or more of the terms and conditions of said lease, if such failure shall continue for thirty days after written notice by the Company to the City of the Company's intention to cause a forfeiture by reason of such failure, all rights and privileges of the City under and by virtue of said lease shall, upon written notice to that effect by the Company to the City, cease and determine and the leased property shall thereupon be restored to the Company forthwith free and clear of all liabilities and obligations incurred by the City, except ordinary current liabilities incurred in good faith in the operation thereof (not in excess of the amount of the current liabilities of the Company assumed by the City at the time such lease was entered into), and released from all rights of the City under said lease, and the Company shall then have the right to resume operation of said street railway property under the terms of this ordinance with the same powers as possessed by it prior to the execution of said lease. Any failure upon the part of the Company to exercise its right of forfeiture because of any such failure on the part of the City shall not operate to waive the right of the Company to declare a forfeiture because of any subsequent failure of the same or different kind. Any declaration of forfeiture by the Company shall not operate to deprive it of the right to require payment or performance by the City of any amount or obligation payment or performance of which is then or thereafter due by the City hereunder.

9. The City shall not make any alterations, modifications or eliminations of any of the lines of street railway or any other property of the Company without the consent of the Company first obtained in writing.

10. That it is the intention of such lease that the Company shall receive, without diminution of any kind, or for any reason, the rental for the use of its property and the compensation for the purchase thereof, should the purchase provisions in such lease be carried out or the amount necessary to redeem its bonds and preferred stock as herein provided.

11. Such other and further provisions as may be necessary for the reasonable protection of the Company as the owner of the street railway property.

This section is hereby declared to be an independent section, and until the City effects a lease hereunder, this section shall be dormant, and nothing in this section shall at any time limit, restrict or define any other section of this ordinance.

SEC. 33. The Company shall pay to the City a reasonable amount per year for the use of the City's tracks and appliances on the bridges, viaducts and elsewhere, the use of which is authorized in Section 2 hereof, in the City, and shall renew, maintain and keep said tracks and appliances in constant repair. The city reserves the right to fix, and from time to time, to adjust the sum to be paid by the Company for the uses herein provided, by ordinance of the Council, the sum so to be fixed, however, not to exceed at any time an amount equal to six per cent per annum upon the cost of the tracks and appliances belonging to the City so used, and imposing and continuing upon the Company the obligation of renewal, maintenance and repair above provided. Should the City at any time grant to any other Company the right jointly to use any of its tracks covered by this section, the payments to be made to the City for such use by the grantee herein and such other Company or Companies shall be apportioned by the City as the Council shall deem just, the aggregate sums paid not exceeding the maximum hereinbefore provided to be paid by the Company.

SEC. 34. Nothing in this ordinance contained shall operate as an abridgement of the corporate rights or powers of the Company, nor of the discretion of its Board of Directors in the selection of managers and employes, or any one performing any duties imposed upon the Company and its officers by law except as provided in Section 11 hereof. Provided, however, the Company shall engage in no business other than the operation of the Street Railway properties covered by this ordinance, and shall acquire no properties other than such as are useful and used in the operation of such street railway, and the office of the Company shall be separate from the offices of any other Company, and none of the regular employees of the Company nor its salaried officers, other than its Directors, its president or other chief executive officer, shall be in the employ of any person or company other than The Community Traction Company, except with the consent of the Street Railway Commissioner; provided, however, it is not intended by this provision to in any fashion restrict the Company in its rights to employ engineers, surgeons, accountants, lawyers or other experts, who might be employed by any other person, firm or corporation.

SEC. 35. The Mayor may, without notice, cause the affairs and conduct of the Street Railway Commissioner and the Board of Control to be examined, and as to such examination the Mayor shall have the same powers as are conferred upon him by the Charter of the City of Toledo as to the examination of the affairs of any department of the City or the conduct of any officer or employee thereof, and for the pur-

pose of such examination the Company agrees that any of its books, accounts, reports or other property shall be accessible at reasonable times at the office of the Company to the person or persons making such examination.

SEC. 36. Whenever the unexpired term of this grant or any renewal thereof shall be less than fifteen years, there shall be created and maintained a fund to be known as the Amortization Fund, and during said period there shall be added to the rate of fare which would otherwise be in force from time to time such an amount as will provide the company each year with a sum equal to one-fifteenth of the aggregate par value of the bonds and preferred stock of the Company outstanding and unredeemed at the beginning of said fifteen year period plus the call premium upon said aggregate amount of bonds and preferred stock, less the amount paid into said Amortization Fund under the provisions of Section 6 hereof during the preceding calendar year; and said amount derived from said additions to the rate of fare shall be paid into the Amortization Fund between the first and tenth day of each month after the taking effect of the provisions of this section, as of the first day of such month, and shall, together with the amount paid into said Amortization Fund, under the provisions of Section 6 hereof, be forthwith paid by the Company each month to the Trustee of the mortgage securing the bonds of the Company, except as hereinafter provided. The amount so added from time to time to the fare during said fifteen years shall be calculated by the Street Railway Commissioner so as to produce the sum necessary to carry out the intent of this section. The difference between the par amounts plus the call premium upon any bonds or preferred stock and the amount actually paid by the trustee for such bonds or by the Company for preferred stock in any one calendar year shall be taken into consideration and deducted in calculating the amount necessary to be paid into the Amortization Fund during the next succeeding calendar year. In the event the capital value of the Company shall be increased during the Amortization period, such increase in capital value shall be considered in calculating the amount necessary to be paid into the Amortization Fund, to the end that such increase in the capital value shall be amortized during the remaining years of the grant. In the event that the Company shall disagree with the calculation made by the Street Railway Commissioner, the matter shall be submitted to arbitration in the manner provided in Section 15 hereof; provided, however, that pending the award of the arbitrators the amount so calculated by the Street Railway Commissioner shall be added to the fare and paid into such fund. Any difference between the award of the arbitrators and the calculation of the Street Railway Commissioner shall be paid into or withheld from said fund in such manner and within such time as may be fixed by the arbitrators.

Except as herein specially provided, there shall be no change in the conditions of this ordinance during the last fifteen years thereof, and all of the provisions and limitations of this ordinance in the matter of the control to be exercised by the Street Railway Commissioner, the

Council or any other board or officers mentioned, shall continue in full force and effect up to the time of the termination of this grant, save and except that the Company shall not be required to make extensions, betterments and permanent improvements, requiring additional capital during such fifteen years, unless it elects to do so, provided, however, that extensions, betterments or permanent improvements commenced or agreed upon prior to the beginning of the last fifteen years of this ordinance or of any renewal or extension thereof, shall be carried to completion.

Whenever the provisions of this section or of Section 32 hereof are in effect, the Company shall set up in its books, an account to be entitled "Amortization Fund," in which account there shall be kept the proper entries of debit and credit relating to said fund. The Amortization Fund, herein provided for, shall as it accrues in the hands of the trustee be used by said trustee from time to time without unnecessary delay for the purchase of the bonds of the Company at the best price obtainable, but not exceeding the principal amount plus a premium of four per cent. of said principal amount, plus accrued interest to the date of purchase; if unable to so purchase the bonds, it shall be the duty of the trustee at least semi-annually to call for redemption at a price of (104%) of the principal amount thereof plus accrued interest to the redemption date, an amount of bonds sufficient to exhaust the fund then held in the Amortization Fund. The bonds so purchased or redeemed by the trustee shall be cancelled and the trustee shall certify said purchase or redemption and cancellation to the Commissioners of the Sinking Fund of the City of Toledo and an aggregate equal par amount of the common stock shall be withdrawn by the Commissioners of the Sinking Fund, as provided in Section 6 hereof, from the stock so held in trust by them and delivered as provided in said section.

Whenever all of the outstanding bonds of the Company have been redeemed and cancelled, the payments by the Company to the trustee shall thereupon cease and the amounts accruing to said Amortization Fund shall be used by the Company for the purchase of its outstanding preferred stock for the best price obtainable, but not exceeding par value plus a premium of eight per cent. of said par value, plus accrued dividends to the date of purchase; if unable to so purchase said preferred stock, it shall be the duty of the Company to call upon a dividend paying date, but at least semi-annually at a price of 108 per cent. of par, plus accrued dividends to the redemption date an amount of preferred stock sufficient to exhaust the funds then held by the Amortization Fund, provision for which shall be made in the certificates of preferred stock of the Company. The preferred stock so purchased or redeemed by the Company shall be cancelled and shall cease to draw dividends from the date of purchase or redemption and the Company shall certify to said Commissioners such purchase or redemption and cancellation, and common stock shall thereupon be withdrawn by the Commissioners of the Sinking Fund, as provided in Section 6 hereof, from the stock so held in trust by them, and delivered as provided in said section.

Upon the expiration of this grant or any renewal thereof, if any of the bonds or preferred stock theretofore issued by the Company in accordance with the provisions of this ordinance, have not been redeemed, as herein provided, then and in any such event, the City shall take over the street railway property of the Company described herein, as the same then exists, and the Company shall execute and deliver any and all deeds, assignments and transfers necessary or proper to convey the title thereof to the City, or to such person as may be designated by the City to receive such title as hereinafter prescribed, and the City shall simultaneously therewith pay to the Company a sum which will equal the amount necessary to redeem or purchase all of the said bonds and all of the said preferred stock as above provided, then outstanding, and which have not theretofore been redeemed and paid, as provided herein, together with interest upon the bonds and dividends upon the preferred stock as provided in this ordinance up to the date of the payment thereof, except that the City shall not be required to pay any call premium upon any bonds or preferred stock then outstanding.

SEC. 37. At any time after the taking effect of this ordinance, the City, if it then has the legal right so to do, may pass an ordinance in renewal of the rights hereby granted for such period, not less than fifteen years, nor less than the then unexpired term of this grant, as the City may by law be authorized to make; and upon passage of any such renewal ordinance, imposing upon the Company no substantial burden as defined in Section 39 hereof, in addition to those imposed in this ordinance, the Company shall at once accept the same, and upon its failure or refusal to accept the same, the provisions of Section 36 hereof shall not become effective, or shall cease to be effective, as the case may be, until the renewal grant shall have less than fifteen years to run.

SEC. 38. Should the duration of this grant, or any grant made in renewal hereof, come to have less than fifteen years' unexpired time to run, and the Company has proceeded to operate under the provisions of Section 36 hereof, the Council may still pass such renewal grant as is herein provided, and the Company shall continue under obligations to accept the same, and shall become subject to the terms thereof, as though it had not operated under the provisions of Section 36 hereof.

And the Company shall thereupon cease to operate under the provisions of said Section 36 until such time as the duration of the extension granted, or any renewal thereof, shall come to have less than fifteen (15) years' unexpired time to run.

SEC. 39. Any ordinance passed in renewal hereof shall be deemed not to impose any substantial burden upon the Company in addition to those imposed by this ordinance when such renewal ordinance is either identical in terms with this ordinance, except as to time of expiration, or differs from this ordinance in such particulars as may be agreed upon between the City and the Company.

SEC. 40. The Company may mortgage the whole, or any part, of its property, rights and franchises owned at the time of the adoption of this ordinance, or acquired under or pursuant to the terms hereof, there-

after, and such mortgage shall be made to secure not only bonds then to be issued, but also those thereafter to be from time to time issued.

Any such mortgage, and any bonds issued under and by virtue thereof, shall contain, among other provisions, the following: A statement of the date of maturity of said bonds, which date shall be not later than twenty-five (25) years after the taking effect of this ordinance; that said bonds shall be subject to call at least semi-annually after their issuance, at 104% of the principal amount thereof, with accrued interest thereon to the redemption date; that said bonds shall bear interest at the rate of 6% per annum, payable at least semi-annually, and that all bonds issued under such mortgage shall be of equal parity.

The trustees under said mortgage, upon the execution and delivery to it of said mortgage, with the approval of the Director of Law of the City of Toledo endorsed thereon, shall be authorized forthwith to certify and deliver \$8,000,000 of said bonds, and shall thereafter certify additional bonds only upon there being filed with such trustee a copy of an ordinance passed by the City Council of the City of Toledo directing, consenting to, or approving the issuance of such additional bonds, certified by the clerk of council of the City of Toledo, to be a true copy and said copy so certified shall be final and conclusive authority to the trustee to certify and deliver additional bonds in the amount specified in said certified copy of such ordinance.

Prior to the execution and delivery of any such mortgage by the Company the same shall be submitted to the Director of Law of the City of Toledo, together with a copy thereof, duly certified to be such by the secretary of the Company; said mortgage shall be subject to the approval of said Director of Law; and it shall be the mandatory duty of such Director of Law to approve the same and to endorse his approval upon said mortgage and return same forthwith to the Company, if such mortgage contains provisions providing for the matters in this section above set forth.

Nothing in this ordinance shall affect the negotiability of the bonds issued under said mortgage, it being expressly agreed that any such bonds shall be negotiable, and that the certificate of the trustee under such mortgage, upon any bond or bonds issued thereunder, certifying to the effect that each of such bonds is one of the bonds described in said mortgage, the same shall be conclusive evidence that all acts and things required to be done in order to make the said bonds valid, binding and negotiable obligations of the Company have been done.

SEC. 41. From the date of the taking effect of this ordinance, and during the time of its continuance, The Toledo Railways & Light Company, its successors and assigns, agrees to furnish, and the Company and its successors and assigns agree to buy electrical energy in the operation of the Company's street railway system under the following conditions:

The contract for said electrical energy shall be between The Toledo Railways & Light Company and The Community Traction Company, but shall be subject to the approval of the Commissioner, and the city shall

be considered a party having a beneficial interest. The Toledo Railways & Light Company, for itself, its successors and assigns, agrees that the charge for such electrical energy shall be a reasonable charge.

If no rate can be agreed upon, or if the rate agreed upon is not satisfactory to the Street Railway Commissioner, then the rate shall be fixed by the Public Utilities Commission of Ohio, if it is by law their duty to do so, but either The Toledo Railways & Light Company or the City may institute judicial proceedings to determine whether the Public Utilities Commission has or has not such power.

In the event that the Public Utilities Commission of Ohio has not, under the public utility laws of Ohio, the legal power to fix such rate, or shall neglect or refuse to do so, then the rate shall be fixed by a Board of Arbitration to consist of three persons, one of whom shall be chosen by the Mayor, one of whom shall be chosen by The Toledo Railways & Light Company and the third shall be chosen in the manner provided in Section 15 hereof. An award by a majority of such Board shall be binding upon all parties.

At all times in considering the rate, whether the rate is fixed by agreement or by the Public Utilities Commission of Ohio, or by a Board of Arbitration, The Toledo Railways & Light Company agrees that the rate so fixed shall not be governed by any contract it may have for the purchase of power, if such contract seems too high, and shall not be governed by the cost to it of generating current, if said cost of generation seems too high, due to the fact that the generating plants of The Toledo Railways & Light Company are not sufficiently modern and up to date or not fully equipped or economically managed.

It shall be competent and proper for the City to offer as evidence at the time any rate is being agreed upon or fixed, the charges then prevailing in other cities for similar services, and the cost of generating power in a thoroughly modern and up-to-date plant.

Upon any hearing, when any rate is being agreed upon or fixed, upon the request of the City, The Toledo Railways & Light Company shall produce at such hearing any and all of its books, records and accounts, and shall permit an examination of its meters and other devices for the purpose of aiding in the determination of a proper rate, and either Company, or the City, may also offer any competent evidence in order to establish what is a reasonable rate. The method or methods of determining the amount of electrical energy used by the Company shall be the usual methods and standard devices for such purposes, and shall at all times be subject to the inspection and approval of the Commissioner.

Either the City, The Toledo Railways & Light Company or The Community Traction Company may, upon request, have a readjustment of any rate hereby established that has been in existence for one year or more.

SEC. 42. The Company shall at all times fully insure against loss by fire in responsible insurance companies, all buildings, cars and other insurable property, the amount of the same and the companies carrying

such insurance to be subject to the approval of the Commissioner, and the premiums shall be paid and charged as operating expenses.

SEC. 43. The City shall have the right at all times to take part by its Counsel in any suit or action instituted by or against the Company in which any judgment or decree can be rendered for crossing any line upon any of the company's property, or requiring the Company to pay money, or affecting the rights, powers or duties of the Company to do or not to do anything which by this ordinance it may be required to do or not to do, and also to take such steps in any such proceeding as may be deemed essential to protect the interest of the City.

SEC. 44. The City shall not be liable, in any way, to the Company for damages it may sustain directly or indirectly for temporary interruption of traffic on account of repairing or paving streets, bridges or the like. The Company shall fully indemnify the City and save it harmless from any and all damages the City may sustain and from all judgments, decrees, costs and expenses, which the City may, in any manner, suffer or incur, and which may be recoverable from or obtained against the City for or by reason of the granting of the rights hereby conferred upon the Company or growing out of or resulting from the exercise and use by the Company of any of the rights hereby granted to it.

In case any action is brought wherein it is sought to charge the City with any liability in respect of which the Company has agreed to indemnify the City or the City would be entitled to be reimbursed by the Company, or in which any right or privilege hereunder is attacked, the City shall notify the Company of the pendency of such action, in which case the Company may, at its option, control the defense thereof and whether it does so or not it shall be bound by the results thereof.

SEC. 45. The Community Traction Company may, and on demand of the City must, make contract with each of the several interurban or suburban railroad companies now or hereafter operating interurban or suburban railways extending into, through or from the City of Toledo for the use of the tracks, poles, wires, appliances, equipment and electrical power of the Company for the operation of suitable cars for the transportation of passengers, baggage, United States mail, express, freight and other property, subject to such reasonable regulations as the City may in accordance with law and the general ordinances of the City, prescribe. Such contracts shall be between The Community Traction Company and the several interurban or suburban railroad companies, shall be for periods of time not to exceed five years, and shall be subject to the approval of the City.

In the event that the Company, or any of said interurban or suburban railroad companies cannot agree upon the conditions and compensation to be set forth in any such contract, or if the City does not approve the same, such conditions and compensation shall, upon the demand of the City, the Company or such interurban or suburban company, be determined by a Board of Arbitration of three (3) persons, one of whom shall be chosen by the Community Traction Company, one by the City and the third in the manner provided in Section 15 hereof. The arbitra

tion proceedings shall be conducted as provided in Section 15, and such interurban or suburban company shall have the right to be represented and to participate in any hearing before such Board of Arbitration. A copy of the award shall be given to each of the parties to such arbitration and to the interurban or suburban railroad company whose contract is under consideration, and the contract in question shall be made in accordance therewith.

The several interurban or suburban railroad companies, which shall have contracts with The Toledo Railways & Light Company at the date this ordinance goes into effect, shall be permitted to continue to use the tracks, poles, wires, appliances, equipment and electric power of the Company upon the terms and conditions of said contracts, respectively, but only from month to month and until said contracts shall be superseded by new contracts with the Company in accordance with the terms of this ordinance, or until such interurban or suburban railroad companies, respectively, are lawfully excluded from operating in the City of Toledo.

Each party or company interested in such arbitration proceedings and the Board of Arbitration, by duly authorized agent, shall, at all times, have access to the books, records, accounts, meters and other devices of the other parties and companies interested therein, for the purpose of determining the reasonable terms and compensation to be set forth in such contract.

Each interurban or suburban railroad company now operating in the City of Toledo, shall within ninety days after this ordinance takes effect and each interurban or suburban railroad company not now operating in the City of Toledo but hereafter desiring to so operate, shall, at the time it makes application to the Company for a contract for such operation, file with the Clerk of the Council of the City of Toledo a statement in writing, signed by an officer or officers thereof duly authorized so to do, that it accepts and agrees to be bound by the provisions of this Section and any such company failing to so file such statement shall not have the benefits of this Section.

SEC. 46. In case of violation on the part of the Company of any one or more of the terms and conditions of this ordinance then if any such violation on the part of said Company shall continue 90 days after written notice to the Company by the City of its intention to cause a forfeiture by reason of such violation, the Council may, by ordinance, declare forfeited all and singular the rights and privileges herein granted and thereupon all the rights and privileges of the Company, under this ordinance, shall cease and terminate.

The remedy for forfeiture, as aforesaid, shall not be exclusive, but the City shall also have and may exercise at its option any other right or remedy which it would otherwise be entitled to, to require compliance with the terms and conditions of this ordinance or to have declared invalid any act of the Company in violation hereof.

It is expressly provided that in the event the City acquires any property of the Company by purchase, condemnation or otherwise, the

price to be paid by the City for such property shall exclude all value of this grant or any extension or renewal thereof, and shall also exclude all value of any other grants under which it may be authorized to operate or any renewals thereof, whether within or without the City of Toledo.

At the termination of the grants herein made, otherwise than by lapse of time, the Company may remove the whole or any part of its tracks or other structures from the streets, avenues, public ways or parts thereof and shall do so if the City so elects, and in case of any removal by the Company of its tracks or structures, it shall, without unnecessary delay, restore the streets, avenues, public ways or parts thereof, from which said tracks or structures are removed, to as good a condition for public travel as prior to said removal, subject to the direction and to the reasonable satisfaction of the City.

SEC. 47. Wherever in this ordinance notice is provided to be given to the Company, a notice in writing, addressed to the President of the Company, delivered at the offices of the Company, shall be delivery of such notice; and wherever in this ordinance, notice is provided to be given to the City, such notice in writing, addressed to the Street Railway Commissioner and delivered at the office provided for him by the City shall be delivery to the City.

SEC. 48. The acceptance of this ordinance by The Community Traction Company and The Toledo Railways & Light Company in the manner hereinafter provided and the ratification thereof by the stockholders of each of said companies, within the time prescribed in Section 5 hereof, shall be and constitute a transfer and surrender to The Community Traction Company of all the grants and franchises of every kind, character and description, reserved, acquired or owned by The Toledo Railways & Light Company from the City of Toledo or from any other Municipal, County or Township authority to operate a street railroad system or any part thereof within the limits of the City of Toledo and shall be a contract between the City of Toledo, The Community Traction Company, and The Toledo Railways & Light Company, and for and in consideration of the privileges granted by the ordinance The Community Traction Company, by the acceptance hereof, shall assume and carry out, pay and perform all of the obligations, covenants and conditions by this ordinance imposed upon the Company, and shall extend to, respect and carry into effect all rights reserved by the City of Toledo or granted to the City of Toledo by the Company by the terms hereof, or granted to or imposed upon the Company by the terms hereof, and The Toledo Railways & Light Company by the acceptance hereof assumes and agrees to carry out, pay and perform all the obligations, covenants and conditions by this ordinance imposed upon it and applicable to it, and such acceptance shall be in writing, filed with the Clerk of the Council of the City of Toledo, within 90 days after the passage of this Ordinance according to law and the Charter of the City of Toledo, and in the following form:

Toledo, Ohio,1920

The Community Traction Company and The Toledo Railways & Light Company hereby severally accept the terms of Ordinance No..... passed on theday of.....by the Council of the City of Toledo and approved on the.....day of..... by the electors of said City, granting a renewal of street railway rights, fixing the terms and conditions of such renewal grant, changing the rates of fare, regulating transfers and transferring and surrendering existing grants; and as consideration moving from The Toledo Railways & Light Company to the City of Toledo for the passage of said ordinance and the rights hereby granted by the City of Toledo to The Community Traction Company, The Toledo Railways & Light Company does hereby transfer and surrender all its grants and franchises of every kind, character and description received, acquired or owned by it, or its predecessors, from the City of Toledo, or any other Municipal, County or Township authority to operate street railways within the present limits of the City of Toledo and does hereby assume and agree to carry out, pay and perform all the obligations, covenants and conditions by this ordinance imposed upon it and applicable to it, and The Community Traction Company for said consideration does hereby assume and agree to carry out, pay and perform all the obligations, covenants and conditions of said ordinance and to extend to, respect and carry into effect all rights reserved therein by the City of Toledo or granted to said City by the terms hereof, and The Community Traction Company and The Toledo Railways & Light Company severally agree to execute and deliver to the City of Toledo all such instruments as may be necessary to effectuate the same.

THE TOLEDO RAILWAYS & LIGHT COMPANY.

By.....
President.

.....
Secretary.

THE COMMUNITY TRACTION COMPANY.

.....
President.

By.....
Secretary.

SEC. 49. This Ordinance, after its adoption according to law and the Charter of the City of Toledo, and its approval by the electors of said City at an election hereby ordered to be held on the 2nd day of November, 1920, and after the filing of the acceptance thereof in writing as heretofore provided, and after the transfer of the properties has been made in accordance with the provisions of Section 5 hereof, shall take effect as of the date of said transfer, and the Clerk of Council shall note

under his seal upon the margin of the ordinance book in which this ordinance is recorded the date of the taking effect of the same.

SEC. 50. Any and all ordinances and resolutions and parts of ordinances and resolutions inconsistent with the terms of this ordinance are hereby repealed.

Passed August 23, 1920.

E. D. CULLEN,

President Pro Tem. of Council.

Attest: A. W. PAYNE,

Clerk of Council.

The radicals throughout the country have made many believe that there are no good corporations, but they forget that many corporations are simply a poor man's partnership, enabling them to afford luxuries they never enjoyed before.

—HENRY L. DOHERTY.

The ordinance prepared by Mr. Milner was passed by the City Council on August 23, 1920. A substitute ordinance calling for immediate municipal ownership was submitted along with the Milner ordinance at the general election, November 2, 1920.

Toledo, after fifteen years of street railway franchise troubles, evidently had decided that the time had come when for the good of the city the matter of a street railway franchise should be definitely settled.

At the election on November 2, 1920, there were 45,990 votes cast for the new service-at-cost franchise and but 18,029 votes cast against it, giving a majority for the new franchise of 27,961. This was a vote of nearly three to one by the voters of Toledo on the final settlement of the franchise. The vote in favor of the franchise was general over the city. The ordinances for municipal ownership submitted to the voters of the city were defeated by votes of 17,780 for and 43,125 against, and 16,469 for and 46,369 against. These large votes against the two municipal ownership propositions would indicate that Toledo voters were fully sensible of the lessons taught by the experiences of other cities in which municipal ownership had been tried.

The street railway lines in Toledo, under the new franchise, were entirely divorced from the Toledo Railways and Light Com-

pany and are controlled and operated by the Community Traction Company. The new company had \$10,000,000 common stock, \$2,000,000 8 per cent preferred stock and \$8,000,000 principal amount first mortgage 6 per cent. 25-year gold bonds. The \$8,000,000 of first mortgage bonds were delivered to the Toledo Railways and Light Company in exchange for the street railway properties and the \$2,000,000 of 8 per cent. preferred stock was issued and sold by the company to provide \$100,000 working capital, a \$400,000 stabilizing fund, \$1,000,000 to be used for re-routing and rearranging the street railway system and \$500,000 for renewals and replacement on the property of the company. Additional bonds and preferred stock may be issued for extensions and improvements, and the rate of return to which the company will be entitled shall be an amount sufficient to pay 6 per cent. upon its bonds and 8 per cent. upon its preferred stock outstanding.

Control of service to more or less extent was vested in the city, and for the period of six months after the beginning of operation under the new franchise the fare was 6 cents with a one cent charge for transfers. There was no maximum rate of fare provided in the franchise, but a schedule of fares was set forth and the steps contained in the schedule upon increase or decrease of the fare are to be observed. The franchise continues for a period of twenty-five years and proper maintenance and repair funds and depreciation funds were provided for.

The city reserved the right to purchase the property of the company upon six months' notice on the payment of a sum equal to the capital value of the company, plus any call premium upon bonds and preferred stock outstanding. The city also secured the right to lease the property upon six months' notice and further provisions in regard to leasing and return of the property to the company were provided. Sinking funds were provided for the redemption of the outstanding bonds either by call or purchase at not exceeding 104, and there were provisions for the redemption of the preferred stock at not exceeding 108.

The franchise struggle in Toledo attracted the attention of public utility operators and municipal authorities the country over. Several times ordinances providing for new franchises were submitted to voters of the city and rejected. At one time the Toledo City Council passed an ordinance providing for a

3-cent fare, which the United States Court declared confiscatory. In the latter part of 1919 an ordinance was passed enjoining the company from operating on a 7-cent fare, this ordinance being subsequently rescinded. At one time the City Council passed a resolution ousting the Company from the streets, with the result that all cars were removed from the State and for almost two weeks no street cars were operated in Toledo. The street railway situation in Toledo had been a football for politics for years, but it was expected that the new franchise would make the operation of these lines an operating and not a political problem.

The new plan for operating the street railway at Toledo, went into effect February 1, 1921. The City of Toledo entered into an agreement with the Toledo Railways and Light Company, a Cities Service subsidiary, and the Community Traction Company, as the new street railway system became known, giving the company until December 2, 1921, to release certain mortgage liens against the street railway property. By a majority of approximately three to one, the voters of Toledo, in November, 1920, ratified an ordinance providing for the final settlement of a street railway controversy which had extended over a period of ten years. During most of this time the street railway had been operated without a franchise.

The ordinance stated that the street railway property, excluding power houses and other electric light and power properties, was to be transferred by the Toledo Railways and Light Company to a new corporation called the Community Traction Company. The new traction company was to acquire all the property free from indebtedness and was specifically authorized in the ordinance to issue eight million dollars in bonds. The Toledo Railway and Light Company received these bonds in payment for the property. The bonds run a period of twenty-five years and bear interest at 6 per cent. The ordinance not only authorized the bond issue, but also provided that the Community Traction Company should be permitted to establish such rates of fare as would be necessary to enable the company to earn the interest charges on these bonds, together with a sinking fund to be applied to the purchase and redemption of bonds, and the gradual reduction of the debt. The plan also gave the city the right to regulate the service, providing that if the character of the service required increased the cost of conducting the business a commensurate street railway fare would

be put into effect so as to adequately provide for the bond interest and sinking fund and other charges.

The essential part of this plan was that it permitted the citizens of Toledo to designate the character of street railway service they wanted. At the same time they pay only the cost of operating the property, plus a fixed amount of earnings on the securities the new company is authorized to issue. In addition to having the physical facilities to operate the railway, the company, of course, had to have working capital in order to conduct its business, so the ordinance permitted the Community Traction Company to immediately issue \$500,000 par value 8 per cent preferred stock at par. This issue the Toledo Railways and Light Company was to purchase. The proceeds of this issue were to be divided into a \$100,000 working capital account and a \$400,000 stabilizing fund. The organization expenses of the new company were to be paid out of the working capital and the stabilizing fund is used to pay interest, sinking fund and dividend charges if at any time the earnings of the company are inadequate for that purpose. The amount of the balance remaining in the stabilizing fund from time to time is the principal basis upon which the rate of fare is to be increased or diminished.

At the start the Community Traction Company was required, under the terms of the ordinance, to test out for a period of six months a fare slightly less than that previously in effect; that is to say, the rate was to be reduced from seven cents, plus two cents for transfers, to six cents, plus one cent for transfers. On its face this arrangement would presumably produce a rapid depletion of the balance remaining in the stabilizing fund for the earnings of 1920 were substantially less than the amount which would be required for the next twelve months to care for the interest, sinking fund and dividend charges of the new company. However, the citizens of Toledo elected to put themselves in a position where they pay a fixed amount for the use of the property and, therefore, should use every reasonably effort to keep down the cost of operating the business. There are many requirements universally imposed on street railways which would probably be modified if the street railway riders were free from the feeling that some one else is paying the bill.

For instance, there was an ordinance in effect at Toledo which had formerly been very expensive for the company. It stipulated that street railway cars should not run faster than twelve miles an hour. As a matter of fact, it is difficult to keep motormen within this speed limit, and it is also very expensive to run the cars so slowly, because more cars are necessary to handle the traffic. Under these conditions, whenever a street car collided with an automobile, the assumption was usually made that the street car was exceeding the speed limit, which immediately made the company at fault in a damage suit. There were other ordinances in respect to running street railway cars on specific schedules and routes which could be modified advantageously since the city became as much interested in economy as in service. Congested streets tend to delay street railway cars and this increases the number of cars required to move traffic. A city may, if it is to its advantage to do so, pass effective ordinances requiring other vehicles to keep out of the way and thus expedite the street railway service. Improvements along these lines were expected to make a very substantial saving in the operating costs of the Community Traction Company as compared with the conditions under which the Toledo Railways and Light Company had to operate the same property. Moreover, under the old arrangement there was a continually increasing amount of free riding, which, under the new arrangement, could be practically eliminated.

One thing which the new ordinance dealt with could not be provided for by February 1, 1921. There was some doubt as to the exact interpretation of the language, but it was the contention of the city authorities that all then existing mortgage liens on the street railway property, except the new bond issue, should be eliminated before Community Traction Company began business. There were about twelve million dollars of previously issued bonds of the Toledo Railways and Light Company and predecessor companies secured by liens on certain property, including the street railway. These two bond issues were entirely owned by the Toledo Traction, Light and Power Company and the company had pledged these bonds and other securities as collateral to secure the Toledo Traction, Light and Power Company seven per cent bonds due December 1, 1921. The latter issue was outstanding in the amount of \$10,400,000.

At the time that issue was negotiated with the bankers, Messrs. Harris, Forbes and Company and the National City Company, a provision was incorporated in the Toledo Traction, Light and Power Company indenture whereby the company could obtain the release of all mortgage liens against the street railway upon payment of the sum of \$1,900,000 cash. This money was to be used for the redemption of a like par value of the Toledo Traction, Light and Power Company first lien seven per cent bonds. This cash requirement, added to the \$500,000 of preferred stock of the new company which had to be purchased and also about \$100,000 of real estate mortgages, brought the total amount of money necessary to remove the old mortgage liens against the street railway up to \$2,500,000.

The Toledo Railways and Light Company claimed that under the wording of the new ordinance it was entitled to at least one year's time to eliminate these mortgage liens. The authorities of the city of Toledo, on the other hand, took the position that these liens should be eliminated at once. The company pointed out to the city authorities what efforts it had made to finance such a transaction on the credit of a street railway enterprise, and showed, among other things, that the condition of street railway credit in 1921 rendered any such financing practically impossible.

The city was eager to see the new plan placed in effect so the new reduced rate of fare would immediately become operative, and, too, the city was anxious to see the new Community Traction Company project become a reality. To this end an agreement was drawn up between the Toledo Railways and Light Company, the Community Traction Company and the city of Toledo, and passed by the city council of Toledo January 21, 1921, by which it was mutually agreed that in view of the controversy as to the interpretation of the language of the original ordinance, because of the existing financial conditions, the new plan was to go into effect without eliminating these mortgage liens, but that the Toledo Railways and Light Company must on or before December 2, 1921, effect the release of all prior mortgage liens, or else pay to the city the sum of \$500,000 damages.

As security for the fulfillment of its agreement in this respect, the Toledo Railways and Light Company deposited with

four temporary trustees the \$8,000,000 of new Community Traction Company bonds and the \$500,000 preferred stock. The Toledo Railways and Light Company further agreed to deposit with the temporary trustees the earnings accruing and due to be paid on all those securities.

The above arrangement was satisfactory to the Toledo Railways and Light Company and to the Toledo Traction, Light and Power Company, because the \$10,400,000 bonds of the latter company outstanding in the hands of the public matured December 1, 1921.

It was not a hurriedly drafted "cost-plus" plan, but was the result of very exhaustive study, in connection with which Mr. Doherty himself devoted many months. It provided for practically every contingency which could reasonably be expected to arise. As an illustration, this may be cited: Under Ohio laws a street railway franchise may only be granted for a period of twenty-five years. There is a provision in this ordinance whereby after the expiration of ten years, the street railway fare may be advanced to the amount necessary to redeem and pay off the bonds and preferred stock in the ensuing fifteen years, unless the city at that time grants a new ordinance for twenty-five years. It should also be mentioned that the street railway fare must be adjusted to whatever amount is required to preserve the property, accumulate certain funds for depreciation and maintenance, and also provide for a gradual reduction of the bonds through a cash sinking fund as already mentioned.

The operations of the Community Traction Company have been watched, not only by the Doherty organization itself, but also by all other public utility operators with the same amount of interest as was attracted to the property when the company, in 1919, removed all its cars into the state of Michigan. That move demonstrated to the citizens of Toledo that it was not the street railway company which had no franchise, but the city itself. The final settlement was entirely amicable on both sides, and is believed by both the company and the citizens to be a permanent solution of a serious problem.

And, in the language of the fairy-tales, "they lived happy ever after."

Whatever you start, start it by knowing the facts.

—HENRY L. DOHERTY.

It is only fitting to end this story of Toledo with a quotation from "Sparks," the employes' magazine of the Toledo companies, which said of Mr. Doherty in its issue for June, 1921:



HE lives, record and achievement of some men are an inspiration. That of Henry L. Doherty certainly is. "Sparks" takes this occasion, the passing of the fifty-first milestone in Mr. Doherty's life, to give a brief sketch of the career of one of the most remarkable men in America, with the hope that it may help and inspire.

Born in 1870 in Columbus, Ohio, Mr. Doherty's early education was limited to the public schools. Today he is a graduate of the University of Hard Knocks. After being a newsboy on the streets of Columbus we find him at the age of twelve as office boy with the Columbus Gas Company, where he worked his way up through various positions until 1890. Mr. Doherty interested himself keenly in gas and electrical engineering and during the next eight years we find him successively engineer or manager of gas, electric and traction companies in Madison, Wis.; St. Paul, Minn.; San Antonio, Texas, until 1898, when he became president of his own company, the Denver Gas & Electric Light Company. He formed this by merging the old Denver Consolidated Gas Company with the Denver Consolidated Electric Company. At that time the gas company supplied 10,000 consumers and the electric company 8,000. Mr. Doherty applied his advanced methods of operating public utilities and the company grew rapidly until it supplied a total of 100,000 consumers, with an electric power plant forty times the original capacity.

In 1898 the first Beall gold medal was awarded Mr. Doherty by the American Gas Light Association for his paper, "Gas for Fuel." So intensive has been his study of improved methods in his chosen lines of work that he is the patentee of many combustion processes, apparatus and appliances, as well as the originator of many practices now standard.

But Denver did not hold this man. Soon he was interested in twenty-five other companies in as many cities. Then in 1905 he organized and became manager of Henry L. Doherty & Company, bankers and operators of public utility corporations. Cities Service Company, with Mr. Doherty as president, was formed as the holding company for these corporations. The companies

held by Cities Service Company now number more than a hundred, with a total capitalization of \$300,000,000, and a combined balance sheet at the close of 1920 showing \$773,000,000. Quite some figures, compared with the pennies of the newsboy on the corner.

Today Mr. Doherty is in control of more than eighty gas, electric light, heat, power and water companies; thirty oil-producing and refining corporations in twenty-seven of the forty-eight states, with some in Canada, Mexico, and a concession in the United States of Colombia of more than 800,000 acres. In number of stockholders Cities Service Company now ranks fourth of being the largest in the country.

He is an engineer, a banker, a chemist, an administrative head, a keen student and, above all, a worker. These qualities are rarely combined. In addition he is democratic and a ride in the subway is as common to him as a limousine. He has rare knowledge in the field of ventilation, mechanics and political science, in addition to his other engineering ability. He is quick in his judgments and can grasp the essentials and eliminate the non-essentials in any proposition put before him so rapidly as to make one think he knew all the facts before they were given to him for his decision. He does a tremendous amount of work, but he never seems rushed.

A few years ago he determined he was wasting valuable time traveling to and from his office, so he rented a floor of a dwelling house on Broad Street at Bridge in downtown New York; had it fixed up and moved in. He is a bachelor. Within five minutes' walk of his office he saved an hour a day. He is perhaps the only millionaire in all New York who lives in the Wall Street district. He has the happy faculty of attracting and holding men, of whom there are now more than 20,000 in the Doherty organization. His popularity is well attested by the fact that he belongs to societies and associations of engineers and inventors, chemists clubs, lawyers, athletic, press and reform clubs from New York City to Texas and Denver. His unique way of saying old truths in new words has originated a number of "Doherty sayings."

The Doherty spirit is well expressed in "Pride of Workmanship" and "Pride of Service." Workmanship and service which give a square deal to customer, employee and stockholder.

I think it is well to look death fairly in the face and frequently. That is the way to get used to the thought that it is only a matter of time until it will catch up with us. It will teach us how to die, but better still it will teach us how to live.

—HENRY L. DOHERTY.

PRINCIPLES AND IDEAS
FOR DOHERTY MEN
INDEX. Volumes I to VI

If all of my dreams ever do come true—why, the Doherty organization will be “some” organization. Not only that, but I think the whole world will be a little bit different.

—HENRY L. DOHERTY.

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Many a man of more than ordinary ability has failed to succeed because he could not or would not compromise on details which were small, compared to the main issue.

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Don't waste a lot of time letting people get into your office who want to see you. Keep digging away at what you want to get done, and see the people whom you want to see.

—HENRY L. DOHERTY.

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If I had got scared when things looked black I
 wouldn't be here today.

—HENRY L. DOHERTY.

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The wage earners of today can live in greater comfort
 and safety than the kings of the last century.

—HENRY L. DOHERTY.

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Every time you get dissatisfied by thinking of some-
 one who is better off than you, to be a good sport,
 also to be sure you are not losing your intellect, just
 think of someone who is worse off than you are.

—HENRY L. DOHERTY.

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We would be barbarians still if we depended alone upon the strength and endurance of human labor. The progress of the world is measured by brain-throbs and not by centuries.

—HENRY L. DOHERTY.

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Don't try merely to see how much you can get out of
your men, but rather how much you can make out of
your men.

—HENRY L. DOHERTY.

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I have always believed that work well done is a pleasure, but that work poorly done is no satisfaction even to the person who has shirked.

—HENRY L. DOHERTY.

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The old school of managers thought monopoly business was all the business that could possibly be secured. The new school knows where there is a world of business that is not monopoly business. It is good will business.

—HENRY L. DOHERTY.

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I can't make a hero out of the criminals that the newspapers report. Most criminals are weaklings at the start and their only bravery is that of the rat in the corner. He makes a brave front when there is nothing else left to do but after all he is only a rat.

—HENRY L. DOHERTY.

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Baseball is a grand sport and I am fond of it; but if I am hiring a salesman, I would rather have him know the goods he is employed to sell than be an authority on batting averages.

—HENRY L. DOHERTY.

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The people who are hiding money are not doing it maliciously. They would be only too glad to deposit, loan or invest their hidden funds if they knew how to do so safely.

—HENRY L. DOHERTY.

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My idea of a scientist is one who can contribute something to the world's advancement be his education much or little.

—HENRY L. DOHERTY.

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One of the greatest shortcomings of many so-called educated people is their idea that their education is complete and that they needn't keep on learning.

—HENRY L. DOHERTY.

—HENRY L. DOHERTY.

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There is an element of the press of this country that controls peoples brains by stirring their bile.

—HENRY L. DOHERTY.

Many a man has made a needless failure because for purposes of immediate gain, he has let himself lose the reputation of dealing fairly and generously with others.

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If you will adopt the plan of making a better friend of everybody you deal with, you won't have to think anything about whether you are courteous or not. Your heart will tell you what to do.

—HENRY L. DOHERTY.

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Show me a man who reads many novels and I will
 show you a man who does not know men as they are.

—HENRY L. DOHERTY.

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The thing we call common sense is the most uncommon thing in the world.

—HENRY L. DOHERTY.

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Trace back every individual case of the need for charity, and see how far you have to go to find that the need is due to lack of thrift.

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It is the man who simply glances the matter over and
 sees only one side from only one angle that worries
 us.

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Power attracts false friends, whether it is invested in the monarch or in the labor union. The men that crowd about are apt to be either selfish in their purpose or plain bootlickers.

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When we realize that the fewest laws in number and the simplest laws in character best insure the success of the plain citizen, we will stop grinding out law to meet every impulse.

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We are strong for education but almost indifferent to the need for vocational training.

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The less you know how to do your work the harder
it is to do.

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Reforms are generally inaugurated by thoughtful people but are carried out by fanatics.

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There comes a time in many things when patience
ceases to be a virtue.

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What has already been accomplished is an evidence
that still more can be accomplished.

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Most of our troubles are not due to what we have
done, but rather to what we have failed to do.

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public regulation and live.

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We can render, by an exchange of ideas, better and better service every year to the public.

—HENRY L. DOHERTY.

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How many rules have you got that are good for nothing except to have holes shot in them?

—HENRY L. DOHERTY.

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We want to know everybody who is dissatisfied and
 what causes the dissatisfaction.

—HENRY L. DOHERTY.

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It must be plain to everybody that we can never have peace if either the buyer or the seller is going to fix the rates.

—HENRY L. DOHERTY.

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Only by the practice of thrift when employed can workers be saved from terrible hardships when not employed.

—HENRY L. DOHERTY.

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—HENRY L. DOHERTY.

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We have heard a great deal about the need for an elastic system of currency, but this is nothing compared with the need for an elastic system of labor.

—HENRY L. DOHERTY.

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As far back as 1905, I was one of the men who gave endorsement to the matter of regulation by state commissions.

—HENRY L. DOHERTY.

Every branch of every business ought to be conducted at a profit. Things which do not require salesmanship are generally sold too cheap.

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The fight against business throughout the country has always been directed toward curtailment of profits rather than toward securing good and cheap service to the public.

—HENRY L. DOHERTY.

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The one thing that the real friends of labor should work for is to see that all wage-earners have employment at all times, even though they do not have, in times of industrial depression, a full day's work.

—HENRY L. DOHERTY.

There are few, if any, industries that supply a service to the public at a lower cost in relation to the value of that service to the user, than the business of supplying electricity.

—HENRY L. DOHERTY

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It is being recognized more and more that to jeopardize the credit of the public utilities is in turn to jeopardize the credit of many other enterprises which hold the obligations of the companies.

—HENRY L. DOHERTY.

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There is something wrong with any business or any branch of any business that does not require salesmanship.

—HENRY L. DOHERTY.

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There is vast capital invested in the automobile industry and the future of that industry depends on the preservation of our petroleum resources.

—HENRY L. DOHERTY.

They say that improvements in any industry are apt to come from someone on the outside—that is because we are always apt to think that the thing we are doing is right.

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I want to induce thrift, in addition to a national bank deposit, in the form of buying securities of the industrial corporations that furnish our population with work and wages.

—HENRY L. DOHERTY.

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How much pleasanter it should be for us to campaign to keep people from recklessly spending their money than at some later date to go and beg the self-denying thrifty man to go down into his pocket to relieve the needs of the easy spender.

—HENRY L. DOHERTY.

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I am one of the advocates of making a customer pay for what he gets. I also believe in letting him have what he wants. Be sure you are able to serve him what he pays for, and make him pay a fair price for it.

—HENRY L. DOHERTY.

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We are furnishing a commodity that has a much greater value to the user than it costs the user, and the user will not profit, but will lose in the long run, if every branch of the oil business is not able to maintain itself on a profitable basis.

—HENRY L. DOHERTY.

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Those who beat up a business opponent now smile and exchange cigars, instead of swearing and pounding the table, but the net result is about the same. It is a matter of better manners, rather than of better morals.

—HENRY L. DOHERTY.

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Kipling gave birth to a great truth when he said,
“And the Major’s Lady and Judy O’Grady are sisters
under the skin.”

—HENRY L. DOHERTY.

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Fourteen letters will spell the secret of success—
discrimination. But the secret won't solve the prob-
lem unless it is acted upon.

—HENRY L. DOHERTY.

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I have no patience with any industry that is willing to lie down and let the steam roller go over it, nor have I any patience with an industry which devotes all of its time to blaming someone else in the industry for its troubles instead of courageously meeting those troubles.

—HENRY L. DOHERTY.

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When the public learns to look to its state commis-
 sions as to what should be done, rather than expect
 to tell the commission what it shall do, then and only
 then will all the benefits be realized that are possible
 through intelligent regulation.

—HENRY L. DOHERTY.

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Intelligence without courage accomplishes little.

—HENRY L. DOHERTY.

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The foundation of every business must be the giving
of service at less than its value to the user.

—HENRY L. DOHERTY.

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One of our biggest expenses for raw material is what we pay for capital.

—HENRY L. DOHERTY.

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Saving, when first begun as a practice, soon becomes
a fixed habit.

—HENRY L. DOHERTY.

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